

MEMO NG



EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

REFUGEE POLICY

Vietnam boat people left adrift

Page 4

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## World News

### Takehita fights for political survival

The personal involvement in the Recruit scandal of Mr Noboru Takehita, Japan's Prime Minister, deepened after it was confirmed that he had received a total of ¥50m (\$379,000) in political donations from the company. He had admitted receiving ¥20m.

US President George Bush welcomed a proposal by the Israeli prime minister Mr Yitzhak Shamir for "free democratic elections" in the West Bank and Gaza as a step toward a peace settlement in the Middle East. Page 20

New Swapo clashes Bush war between South African People's Organisation insurgents and combined South African backed police and army units intensified as diplomats from Angola, Cuba, South Africa, the Soviet Union and the US prepared for key ceasefire talks in the Namibian capital Windhoek. Page 4

Walesia Moscow visit Lech Walesia, leader of Poland's independent, and now legal, Solidarity trade union, declined his invitation to visit the Soviet Union. Page 2

Brady loans warning Nicholas Brady, US Treasury Secretary, warned Congress that he may recommend a presidential veto if lawmakers put forward a package too favourable to the savings and loan industry. Page 3

New Gandhi charges Indian Prime Minister Rajiv Gandhi's government is expected to charge at least 20 Sikhs in connection with the murder of his mother and predecessor, Indira. Page 2

Niles for Brussels Thomas Niles, US ambassador to Canada since mid-1985, has been appointed as US representative to the European Community in Brussels. Page 6

Brazil, Paris row A fierce diplomatic row has broken out between Brazil and France over advertisements published in Paris to publicise the outcome of last month's 24-nation meeting in the Hague on the environment. Page 3

Kashmir violence Kashmir, which is beginning to rival the Punjab as India's most lawless province, was shaken by a fourth day of violence. Page 4

Bank nationalised Bank of Crete, at the centre of a financial scandal, is to move under state control according to the Greek National Economy Minister. Page 2

Hawke pledge Australian Prime Minister Bob Hawke pledged A\$7.5m (\$4.2m) for research into the "greenhouse effect".

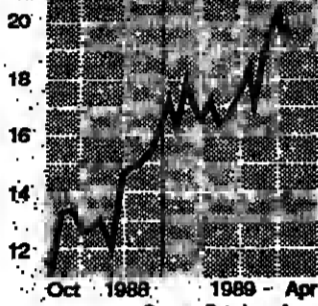
Vive la difference Right-wing Mayor Jacques Chirac launched plans for a glittering summer festival in Paris to rival the socialist government's celebrations marking the bicentenary of the French revolution.

## Business Summary

### Ueberroth pays \$460m for Eastern Airlines

Group led by Mr Peter Ueberroth, former US baseball commissioner, agreed to buy the bankrupt Eastern Airlines for "about \$460m".

### Oil price



Oil prices continued to ease yesterday as markets responded to the restoration of oil supplies through the Alaskan port of Valdez, which was partially closed by the Exxon Valdez oil spill. Brent Crude for April delivery dropped 45 cents to close at \$19.25 in European trading.

WORLD'S leading farm products agreed an outline deal on agricultural reform which could unblock the stalled Uruguay Round on multilateral trade talks. Page 21

GUINNESS unveiled a pre-tax profit of \$521m (\$885m) for 1988, a 28 per cent increase on the previous year, and disclosed it was taking its interest in Moët Hennessy-Louis Vuitton (LVMH), the French luxury products group, to 24 per cent. Page 21

KUROKAWA VINYLS Corporation, large plastics manufacturer jointly owned by Britain's Imperial Chemicals and Enichem, Italian state-owned chemicals group, unveiled 160 per cent rise in operating profits last year to reach DM418m (\$222m). Page 21

PUBLISHER Robert Maxwell revived plans for floating his Mirror Group newspapers on the London Stock Exchange. The flotation, which could value the titles at up to £300m (\$510m), would probably be this year. Page 21

HIGH Voltage Engineering, US company associated with Bedford International of the UK, won increasing support for its \$698m takeover bid for Universal Foods from shareholders of the Milwaukee-based food products group. Page 23

BOASE MASSIMI Pollitt, UK advertising agency which is facing a £103m (\$175m) bid from the smaller French advertising company EDDP, clarified the response received from clients. Page 23

GRUPO Industrial AIA, Mexico's leading industrial conglomerate, and Hibmont of the US have agreed to form a \$200m peso (\$16m) joint venture to produce polypropylene for domestic and export markets. Page 23

MAN, big West German truck engineering, and steel trading concern, is on target for net profits of some DM250m (\$134m) this financial year, a further rise of 25 per cent. Page 23

ALAN BOND, Australian entrepreneur whose Bond group of companies is under financial and other pressure, continued his string of asset sales with the A\$34.7m (\$7.8m) disposal of a stake in BHP Gold. Page 23



Mrs Margaret Thatcher, the British Prime Minister, speaks outside 10 Downing Street, yesterday as President Mikhail Gorbachev, the Soviet leader, checks his watch during a pause in his busy itinerary.

## Thatcher welcomes Gorbachev reforms

By Philip Stephens, Quentin Peel and Robert Mautner in London

MRS Margaret Thatcher, the British Prime Minister, last night combined an effusive welcome for Mr Mikhail Gorbachev's "peaceful revolution" in the Soviet Union with an unflinching re-affirmation of her determination to preserve the West's nuclear defences.

In a speech at the end of the first full day of the Soviet President's visit to London, Mrs Thatcher described relations between Britain and the Soviet Union as "better now than they have been at any time since the Second World War".

At a two-hour meeting and lunch at No 10 Downing Street, the Prime Minister's official residence, Mr Gorbachev expressed concern at the length of time being taken by the new US Administration in reviewing the main lines of its

## Estonians throw out challenge to Moscow

By John Lloyd in Moscow

LEADING government officials in Estonia have published a programme for self government which proclaims the tiny republic's virtual independence from the Soviet Union by January 1 1991.

The programme, which delivers the most serious challenge to Moscow's control of its rebellious republics, will be presented to the Estonian Supreme Soviet in May, where it is thought certain to gain approval.

At the same time, Mrs Thatcher welcomed the constructive role that Mr Gorbachev had undertaken in helping to resolve a range of regional conflicts. The Soviet withdrawal from Afghanistan, its role in securing agreement in Angola and Namibia, and the Soviet Union's new emphasis on "sufficiency" in defence were praised.

## Botha bows out as president by announcing early elections

By Anthony Robinson in Cape Town

PRESIDENT P W Botha paved the way for his own retirement and general elections later this year in a speech yesterday to a special joint session of parliament.

In his speech, Mr Botha bowed to pressure from his own party for early general elections by announcing his decision to dissolve parliament towards the end of May.

Mr Botha stated categorically "there is no doubt that Swapo is in default." He ridiculed Swapo's

accounts of its actions and flatly denied the organisation's claim that it had achieved victory in its 23 year "liberation struggle" with bases inside Namibia.

"Swapo has no military bases or camps inside Namibia," he said.

The leadership of Swapo knows Swapo is under an obligation to retire north of the 16th parallel in Angola and that it would be illegal to enter Namibia in the manner in which they did.

Fighting began when an estimated 1,500 guerrillas contravened the Namibia settlement terms by crossing into the territory from Angola on the eve of the UN-supervised independence process.

MARKETS table with columns for FT-A World Index, Sterling, Dollar, Gold, and Stock indices.

STOCK INDICES table listing New York, Dow Jones, S&P Comp, FT-SE 100, Nikkei, and Frankfurt.

COMMODITIES table listing Wheat, Soybeans, Coffee, and other goods.

FINANCIAL table listing various financial instruments and indices.

INDEX table listing various market indices and their values.

### Exxon accepts blame for Alaskan oil spill

By Peter Riddell, US Editor in Washington

EXXON, the largest US oil company, yesterday accepted full responsibility for the Alaska oil spill, which may cost up to \$200m to clean up over nearly three years.

The hearing is being held because the environmental disaster has led to pressure on the US Government to change its policies on oil exploration and compensation and to play a greater role in the clean-up.

The spill, the worst in US history, occurred two weeks ago when the Exxon Valdez, a tanker owned by Exxon's shipping subsidiary, hit a reef in Prince William Sound, discharging more than 10m gallons of oil.

Admiral Paul Vost, the commandant of the Coast Guard, in evidence to the House Merchant Marine Committee, said the cost of cleaning up the oil spill could be between \$100m and \$200m.

Of the 10m gallons spilled only 500,000 had so far been cleaned up, about 3m had evaporated or dropped to the bottom, and there was little chance that much more than an additional 500,000 gallons could be recovered from the remaining 7m.

Senior members of the Administration, including Mr Samuel Skinner, the Transportation Secretary, and Mr William Kelly, the head of the Environmental Protection Agency, said several lessons had to be learnt from the Alaskan disaster.

The Administration is assessing a request from Governor Steve Cowper of Alaska for the US Coast Guard to take a greater role in the clean-up.

### Montedison denies pirating computer software

By Alan Friedman in Milan

A GROUP of the world's leading computer software producers yesterday began legal action in Milan seeking substantial damages from Montedison, the Italian chemical group, for allegedly having pirated software programmes from two leading US companies.

Montedison immediately denied it was guilty of any unauthorised duplication of software.

It said it reserved the right "to take initiatives and actions in order to protect our honour".

The lawsuit is the first such action by US software concerns against a European company.

It follows a court-ordered inspection last week of Montedison's Milan headquarters by court-appointed experts and lawyers for the software companies.

The software companies say that more than 130 personal computers were examined in the offices of Montedison and its Montefibre subsidiary.

They allege that evidence was found that "more than 90 per cent of the inspected software on the premises consisted of unauthorised copies".

The action, which is expected to lead to a court case, was issued by the Business Software Association (BSA), a Washington-based consortium of international software companies which includes Microsoft, the US market leader.

This week, The Economist examines a new futures market: in airlines.

Recently, Pan Am made more than \$100 million by selling its place in the Airbus queue to another airline.

As demand for aircraft continues to outstrip supply, this kind of deal will become more common.

Cathay Pacific, for example, must wait till 1995 for the Airbus it ordered this week.

Is there no cure for this kind of jet-lag? Find out in The Economist today.



EUROPEAN NEWS

# Solidarity leader urges conciliation in wake of round table accord Walesa proposes visit to the Soviet Union

By Christopher Bobinski in Warsaw

MR LECH WALESA, the leader of Poland's independent, and now legal, Solidarity trade union, said yesterday he intended to visit the Soviet Union.

A visit to Moscow would extend Solidarity's legitimacy to the Soviet Union which, eight years ago, viewed the movement's rise with horror, and consistently exerted pressure on the Polish authorities to ban it. "I'd like to go to this beautiful country and learn something about its people and see the factories," Mr Walesa said, adding, to laughter from a crowded press conference at Warsaw University, "and come back, of course."

"I don't want to disturb perestroika or stir things up," he continued. "The Soviet Union needs reforms, too, and I want to go to win understanding for changes in Poland."

Later, one of the movement's top advisers said that the problem was not whether the

PRESIDENT George Bush is likely to announce shortly a package of economic measures designed to express US approval of the historic pact between the Polish communist government and the independent Solidarity union, US officials said yesterday, writes Lionel Barber in Washington.

The officials said the Bush administration would make a "symbolic gesture" within the next few days to the Polish people underlining its support for the political reforms agreed in Warsaw this week.

Among the options under consideration is a restoration of at least \$250m in US trade credits, coupled with a more conciliatory

attitude towards Poland's external debt, which is approaching \$30bn. During a visit to Poland in 1987, Mr Bush promised US assistance in rescheduling Poland's debt - a move which has become more feasible in the light of his administration's new international debt initiative.

In February 1987, the Reagan administration dropped economic sanctions against Poland imposed after martial law, but the Poles have long argued that bilateral trade between the two countries has failed to recover because of the lack of credits and an inflexible US stance in the International Monetary Fund and the Paris Club of sovereign creditors.

The row continued into Wednesday's final round table session, holding up the ceremonial meeting at one point for three hours. Mr Walesa repeated Solidarity's appeal for the West to ease Poland's \$30bn debt burden, arguing that this would help to get the economy on the move. "I will kneel and plead for help to enable Poland to catch up with the rest of Europe," he said, stressing that new loans would have to be granted only to those areas of the economy which had been put on an official footing.

Answering questions on the general lack of enthusiasm accompanying the round table accord, Mr Walesa confirmed that there was a "large dose of doubt" but argued that the absence of emotion meant that Solidarity had time to organise the election. This was Solidarity's main aim, Mr Walesa said, and not organising strikes over individual issues.

at the round table talks, has already been invited with a group of colleagues to Moscow this month by Democratic Perestroika, an informal Soviet club.

At the press conference, Mr Walesa adopted an extremely conciliatory tone on internal problems, saying: "Now we need agreement, compromise and accord." Conflicts with the OPZZ official unions were inevitable, he admitted, adding that he thought Solidarity would have five to seven million members but should not have a monopoly on the shop floor.

Mr Walesa was referring to a conflict with the official unions, who are pressing the government to agree to compensate fully falls in the standard of living due to rising prices, while Solidarity has settled for 80 per cent compensa-

tion.

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# Confusion in EC car industry over exhaust emission controls

THE WEST EUROPEAN motor industry has been thrown into confusion by European Commission proposals agreed on Wednesday for a new set of car exhaust emission regulations.

The weekly meeting of the 17 Commissioners called for existing voluntary EC controls on exhaust emissions for all cars to be made mandatory by January 1991, moving to obligatory tougher standards by 1992.

Years of wrangling over new standards for controlling car exhaust pollution in the European Community appeared to have ended last November, when EC members reached preliminary agreement on a new regime for small cars to be implemented by October 1988.

The rules for small cars were the final missing piece from the so-called Luxembourg compromise reached in 1985, which laid down a framework for tougher exhaust emission standards for three categories of cars, large cars above 2 litres, medium cars from 1.4 to 2 litres and small cars under 1.4 litres. The motor industry has been reluctant to agree to such a plan to plan its model programmes and investment in engine research and development.

The Commission's latest move has plunged the industry back into uncertainty, and opened the prospect of a new round of bitter political infighting both between member governments and the car makers.

In suggesting tougher small car pollution controls which still fall short of a direct move to US-style car emission standards, the European Commission is reflecting growing public concern over the environment.

The regulations finally agreed last year would not have led to harmonised standards in the EC. The rules

were not mandatory, and it had been left up to each member Government to legislate independently to bring the regulations into effect.

It was expected that countries, where small cars dominate the markets as well as the output of the domestic car manufacturers - such as Italy, France and Spain - would be slow to introduce the new regulations. At the other end of the spectrum countries such as the Netherlands have been keen to offer tax incentives to converters to reduce exhaust emissions.

According to Automotive Industry Data, the UK based automotive analysts, the plunge in diesel car sales in West Germany, previously the biggest single diesel car market in West Europe, has followed widely publicised cancer scares, linking cancer to unacceptably high carbon particulate levels on diesel cars. These scares had caused "hordes of buyers to switch often long-standing diesel loyalties to a new generation of catalytic cars."

The impact of environmental concerns can clearly be dramatic. Sales of diesel cars in West Germany have dropped by 50.7 per cent during the last two years from 780,000 in 1986 to 383,497 in 1988, claims Automotive Industry Data. In the West German car market plunged to 13.6 per cent last year from a peak of 27.4 per cent in 1986.

Daimler-Benz, one of the companies most affected by the decline in diesel sales, claims "diesels have been thoroughly defamed by discussions and accusations as well as by political activities." Under present West German regulations diesel cars cannot be used in smog conditions. At the same time in respect to health fears a tax penalty has been imposed on diesel sales and diesel fuel tax has been increased.

Last month Daimler-Benz launched a counter-offensive with the unveiling of a new range of so-called "lean" diesels, which it claims has cut the level of exhaust particle emissions by 40 per cent.

Mr Wolfgang Peter, Mercedes-Benz director of car development, claims that the diesel debate "has been based on 'emotive rather than factual argumentation'."

Kevin Dome explains the background to the latest car emission proposals by the European Commission

encourage the purchase of cars able to meet much tougher standards than those proposed previously by the EC.

As the political fight has continued in Brussels, car-buyers have been making their own choices, however.

New car sales figures from West Germany for 1988 show just how quickly car-buyers preferences are moving towards "lean" cars, albeit with the stimulus of certain tax incentives. Car manufacturers that have been unable to keep pace with these volatile changes in the market place have already suffered from falling market shares.

Sales of diesel-powered cars dropped last year by 47 per cent, the highest annual decline, chiefly under the impact of growing environmental opposition in West Germany, where new car buyers are increasingly demanding so-called "clean" cars equipped with catalytic

# Republican Party leader stakes out territory on the right wing of West German politics

By David Goodhart in Bonn

MR FRANZ SCHOENHUBER, the robust voice of the newly prominent Republican Party, led yesterday by Mr Franz Josef Strauss succeeded in excluding from post-war West German politics: a populist, but legitimate, political force to the right of the Christian Democratic/Christian Social Union alliance.

Fresh from winning 7.5 per cent of the vote in the West Berlin state election Mr Schoenhuber, 66, has been in Bonn seeking to convince the national and international media that he is not a Nazi in disguise and that his party will not rise and fall as the extreme-right NPD in the late 1960s.

The Republicans are not likely to be the third biggest party after the late 1980 election, as Mr Schoenhuber told a rally of 1,000 supporters on

Wednesday night.

But, with the latest national poll giving them 7 per cent support, it is quite possible that they will enter the Bundestag (over 5 per cent required) and become the fifth force in Bonn's increasingly fragmented politics.

That will make coalition-building even more difficult as a few dissenting voices aside, the bulk of the CDU/CSU leadership will remain opposed to doing deals with the new party. But Mr Schoenhuber probably has time on his side.

He claims that 70 per cent of the 13,000 party members are under 30 and most of his supporters say they are simply fed up with having to feel guilty for being German.

As the post-war period recedes, a politician who, more emphatically than the others, rejects the guilt thesis and the

enforced-liberalism of the German state may be tapping a rich vein.

Especially when, as in Mr Schoenhuber's case, he states firmly that he is not racist, nor anti-Semitic (his first wife was Jewish), that there is nothing to be said for Hitler, and that the NPD are "a bunch of reactionaries who have not got over losing the war."

His unequivocal patriotism can, in rhetorical flight, come close to reducing the past: "Our young are no more guilty of Auschwitz than young Americans are guilty of Hiroshima." That he rejects the comment, attributed to Mr Jean Marie Le Pen, the French National Front leader, that the Holocaust was a mere detail of history. In other respects he clearly admires Mr Le Pen and describes his party and that of Mr Jörg Haider in Austria as

# Gaullist old guard faces youth revolt

By Ian Davidson in Paris

THE STRUGGLE for control of France's right-wing Gaullist party broke into the open yesterday, when a group of young Gaullists rebelled against the party leadership, and declared that they would field an independent list of reforming young conservatives in next June's elections to the European Parliament.

The young Gaullists' rebellion is being led by Mr Michel Noir, former Trade Minister, and appears to be in part encouraged by his spectacular success in the recent municipal elections, when he ran against the sitting conservative mayor of Lyons and won a resounding victory.

The crushing defeat of Mr Jacques Chirac, Gaullist leader, in last year's Presidential election, made it seem probable that France's conservative parties would be deemed to a long period in opposition if they failed to overcome internal divisions.

The declaration of independence issued yesterday by Mr Noir and his supporters is intended to precipitate a unification of the forces on the right. His direct and probably irrevocable challenge to the leadership of Mr Chirac has been made more significant by the fact that his declaration has been issued in alliance with like-minded young reformers from other, non-Gaullist parties, who are also campaigning to win the European Parliament elections in more the pretext than the reason for the rebellion of the young Gaullists. In contrast with some of the old-guard barons of Gaullism, the strong commitment of Mr Noir and his friends to the political right to the ideal of a more integrated Europe has never been in doubt. But the real reason for the choice of this election campaign as the battleground against the party leadership, is that there are no more significant elections where voters can express a preference until 1993.

The Gaullist leadership has been seeking an alliance between all the conservative parties in the European election, and a single list of candidates headed by former President Valéry Giscard d'Estaing, leader of the UDF group of centre-right parties. On Wednesday Mr Chirac and Mr Giscard d'Estaing finalised a joint election platform for the campaign.

The two party chiefs are still unable to muster a single list of candidates, however, because the strongly pro-European centrist CDG party distrusts the late conversion of the Gaullist leadership to Europe.

# Swedish tax reforms endorsed by OECD

By Robert Taylor in Stockholm

SWEDEN'S PLANNED financial revolution to make the country more competitive receives a strong endorsement today in the latest survey of the country's economy published by the Organisation for Economic Co-operation and Development.

It suggests that Sweden will not be able to defend its present private affluence and welfare state into the 1990s unless "necessary structural reforms" are carried out along with changes in the country's pay bargaining system.

The OECD report says "a comprehensive reform which aims at removing structural impediments to sustained growth, while continuing to observe a specific concern for social justice, will be a formidable undertaking."

But it believes the introduction of a radical change in the taxation system in 1991, with cuts in the marginal rates on incomes and a shift to a wider range of taxes on capital and services will "correct many, if not all" of the present obstacles to Swedish economic growth.

The authors argue that Sweden's "most important problems" are not "rooted in the short term" but stem from structural defects in the economy which has resulted in a shortage of skilled manpower and obstacles to the formation of new risk capital.

In particular, the survey criticises the country's high unit labour costs resulting from weak productivity growth and inflationary wage increases. It says currency devaluation was "abandoned after 1982" as a policy option so that maintain Sweden's current visible trade balance and budget surplus as well as full employment depends on keeping down labour costs.

The real value of this year's survey lies in its attempt to dig

below the macroeconomic indicators and look at fundamental trends that threaten to trouble Sweden over the coming years. The OECD is particularly concerned about the wage bargaining system and its impact on the wider labour market. It believes continuation of unit labour costs is crucial to the country's external equilibrium and full employment and argues this has become much more difficult to achieve as a result of the decentralised negotiations that have characterised private sector bargaining since 1980.

However, the survey was completed before the signing of a new two year national wage agreement covering the private sector manual workers a fortnight ago that many Swedish economists have criticised for being too inflationary and having an adverse impact on the country's international competitiveness.

Mr Kjell-Olof Feldt, the Finance Minister, will be pleased by the warm words in the OECD report for his management of the economy during the 1980s. It suggests the country's performance has been "outstanding" notably for ensuring one of the lowest unemployment rates in the western world, achieving a budget surplus and a strong export performance in manufacturing industry.

Despite current anxieties about overvaluing the Swedish krona, the OECD does not believe problems will worsen in the short term. It expects continuing stabilisation of the exchange rate and a tight monetary policy to dampen down domestic demand.

The report also believes that Sweden's external deficit (caused by a negative balance on invisibles) "should remain relatively small" at from 1 to 2 per cent of gross domestic product.



Mr Javier Perez de Cuellar, UN Secretary General (centre), will encourage further talks between Turkish Cypriot leader Rauf Denktaş (left) and Cyprus President Mr George Vassiliou, despite pessimism over their reaching a settlement by the deadline date

# Cyprus talks go on despite gloom

Andriana Ierodiaconou on the prospects for a negotiated settlement

THE President of Cyprus, Mr George Vassiliou, and Mr Rauf Denktaş, the Turkish Cypriot leader, are expected to agree on a further round of United Nations-sponsored peace talks at the end of three days of consultations in New York today with Mr Javier Perez De Cuellar, the UN Secretary General.

However, the negotiators themselves and observers of the talks believe there is no possibility of reaching a settlement by June 1, the target date set by Mr Perez de Cuellar.

The peace talks between Mr Vassiliou and Mr Denktaş began last September in Nicosia, with the official aim of establishing a single federal state made up of a Greek Cypriot and a Turkish Cypriot province. The island has been

divided since 1974, when Turkey invaded and occupied the northern third of its territory in the wake of a coup staged by the Greek junta.

The occupied zone was declared a Turkish Cypriot state in 1983 in a move deemed as "legally invalid" by the UN Security Council. The breakaway state is so far recognized only by Ankara.

According to well-informed sources, the negotiations have made some progress towards a workable federal system. However, no progress is reported on other key aspects, including the presence of foreign troops, "guarantees" for a settlement and movement of people, property ownership and settlement arrangements.

In broad terms, the Greek Cypriot side wants the mini-

mum of administrative or other barriers between the two federated provinces, full Turkish troop withdrawal, international guarantees for a settlement, and complete freedom to travel, live and own property throughout the proposed federal state for all citizens.

The Turkish Cypriots, who make up about a fifth of the population of Cyprus, want maximum administrative and physical autonomy for each province, some Turkish troops to remain, Turkey to be a key guarantor of a settlement, and restrictions on movement, settlement and property ownership.

Third countries, such as Britain, which are supporting the UN peace effort have contributed to maintaining negotiating momentum. Mrs Margaret Thatcher, the British Prime Minister, is understood to have written to Mr Turgut Ozal, her Turkish counterpart, last month urging progress towards a federal settlement, which, according to Britain's position, must ensure the unity of Cyprus and the full human rights of all citizens.

At the same time, Britain has urged Mr Vassiliou to build on "positive elements" in the Turkish Cypriot proposals. Prospects for a compromise do not, however, appear bright.

In Athens last week Mr Vassiliou warned that he would not continue negotiations beyond June unless there were definite signs by then of an ending of Mr Denktaş's position. He said the Turkish Cypriot hand has accused the Greek Cypriot side of inflexibility.

# Greek bank to become state owned

THE Bank of Crete is to move towards state control, according to Mr Panayiotis Roumeliotis, the National Economy Minister, Reuters reports.

The move follows political debate over the future of the bank, which has an officially-estimated deficit of Dr34bn (\$125m) after alleged large-scale embezzlement.

"With this solution the legal interests of the depositors are safe, the status of the bank's employees does not change and the bank's operation is secured," Mr Roumeliotis said.

He said the bank's share capital would be increased by a contribution of Dr20bn by deposits from state banks.

"There is a possibility that private banks can participate as well without changing the public character of the Bank of Crete," Mr Roumeliotis said.

The Bank of Crete, one of the three privately-owned banks in Greece, has about 80 branches nationally and 1,200 staff. The central bank has provided some Dr20bn of liquidity since last October.

# EC warning on future standards of UK water

THE European Community's environment commissioner said yesterday Britain could face legal action if its proposed water privatisation bill failed to achieve EC drinking-water standards by 1995.

Mr Rijnvliet said, however, reports from EC officials were "things are not changed according to the concerns we expressed very clearly, then of course we will use our (legal) powers," Mr Carlo Ripa di Meana said.

The Community's executive commission has asked the British government to set a strict timetable for newly-privatised water companies to meet drinking-water standards that were supposed to have been reached in 1995.

Britain is not alone in failing to implement the standards but, reluctant to force a legally-binding deadline on utilities it plans to sell to the public, it is seeking an exemption.

Mr Rijnvliet also said EC and British officials were meeting regularly to iron out difficulties in the bill.

# Estonians test the limits of liberalisation in Soviet Union

John Lloyd reports on an economic and juridical programme pointing the republic towards its goal of statehood

THE ESTONIANS plunge towards the publication earlier this week by the Estonian press of the final draft of a programme setting out the basis for economic and juridical autonomy for the republic, is the latest, perhaps decisive, step towards its goal of statehood.

In taking this path, at once more radical and more deliberate than the broadly similar moves in the other two Baltic states of Latvia and Lithuania, the Estonians retain their position as the forward scouts of the tolerated limits of Soviet liberalisation.

They have assumed a large responsibility. For if they succeed in making the ratchet of nationalism turn faster than the rate of change intended by Mr Gorbachev they will risk provoking a backlash from forces which might use their extremism to displace Mr Gorbachev's wider reforms, if not the man himself.

That is the broader calculation

against which Estonia's leaders must constantly test their own reforms.

It will be hard for them to be no longer driven solely by Moscow: they are driven now from below.

The draft programme published earlier this week is evidence of this. It is in two parts: a draft law on self-government, and draft general principles underlying the law.

Both are due to be presented to the Estonian Supreme Soviet in May following a period until April 24 when amendments to them may be made. If accepted (and there is little chance they will not be) they are designed to be implemented in part by next January and in full by January 1 1991.

The principles form the philosophical and political basis of emerging Estonian statehood. There are 19 articles of principle, covering such issues as ownership, taxation, prices, regional policies, social and cultural policies, investment, protection of the environment and relations both

with the rest of the Soviet Union and with other countries.

The preamble makes it clear that the land, atmosphere and mineral rights should be vested in the Estonian government; that all enterprises in Estonia must abide by Estonian, not Soviet, laws; that a multiplicity of forms of ownership, including private ownership of at least small companies will be allowed; and that partnership will be sought with other Soviet republics and with foreign countries and companies.

The one concession to Soviet interests is this: "the socialist character of a self-governing Estonia... is expressed in creating state social guarantees" - in other words, a welfare state will be preserved, and this will define "socialism".

One of the more contentious is Article 11, which proposes a form of Estonian citizenship, together with laws on immigration policed by a new immigration service.

Debates continue on the criteria for citizenship. At one extreme, supporters of full independence call for citizenship to be limited to those living in Estonia before its annexation by the Soviet Union in 1940, and their descendants - that is, essentially ethnic Estonians.

The moderate line is that the 40 per cent of the republic's population who are Russian or from other republics should be offered citizenship if they have had 5-5 years of citizenship and have "put down roots."

A separate currency - seen by some of the authors of the programme as essential - is mooted, but no specific proposal is made.

In a debate on Estonian television on Tuesday night between Mr Indrek Toome, the Prime Minister, and Mr Rein Otason, head of the State Planning Committee, both agreed some form of currency was needed.

Mr Otason proposed an Estonian credit card, to no dissent from the Prime Minister.

Otherwise, the power taken by Tallinn, Estonia's capital, from Moscow will be decentralised down to enterprises and to local authorities. Companies will be encouraged to form co-operatives and to find foreign partners.

The (Estonian) state will set a minimum wage but will not otherwise interfere in collective bargaining. The (unstated) assumption is that Estonia's economy will progressively distance itself from the Soviet one.

Mr Otason said on television that the programme was "not compatible with the Soviet five-year plans."

Regional and local authorities will be given the right to set their own budgets, a move which the programme sees as stimulating a resurgence of the countryside.

The rayon, or district, boundaries, drawn up by Moscow planners in the 1940s, will be scrapped in favour of former administrative units which existed before the Second World War, and which are seen to have

greater cultural and economic validity.

Farmers will be granted leases in perpetuity which they can pass on to their descendants. Even in Mr Gorbachev's Soviet Union (which in truth is not yet much different, in the sphere of economic relations, from Brezhnev's or even Stalin's) this is breathtaking.

It has its critics: most bitterly the Russians living in Estonia, many of whom are workers or managers of the All-Union enterprises which report, presently, to Moscow ministries.

These last month held demonstrations in the streets of Tallinn and promised strikes this week (which have not materialised).

The optimists among the Estonians say that many Russians are coming to accept the autonomy philosophy because they realise Estonia will be a pleasant place to live in than their homeland. But that's a hope rather than a fact.

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AMERICAN NEWS

Brady warns of presidential veto on S&L rescue

By Lionel Barber in Washington

MR Nicholas Brady, US Treasury Secretary, has warned Congress he may recommend a presidential veto if lawmakers put forward a rescue package too favourable to the savings and loan (S&L) industry.

Mr Brady, pressing Congress to leave President George Bush's own rescue plan largely intact, said he was concerned that legislation might attempt to postpone the 1991 deadline for new, tougher capital requirements for the industry.

A senate house banking subcommittee yesterday approved amendments to Mr Bush's rescue package that would strengthen the Federal Deposit Insurance Corporation and give the agency broader borrowing powers.

The subcommittee overwhelmingly approved amendments that would make the FDIC the "principal" regulator for state-chartered thrifts.

It would also permit the FDIC to issue notes not exceeding a total that would place the agency in a net deficit position.

Separately, the panel approved a package of amendments put forward by Mr William Selman, FDIC chairman, which would strengthen the agency's political independence.

Aside from the question of capital requirements, the Bush Administration's other main objection focuses on attempts by Congress to use a different financing mechanism to raise the money to pay off depositors at insolvent S&Ls.

The Administration has proposed using an off-budget government corporation that would sell \$50bn (£29bn) worth of bonds, but key Democratic lawmakers have said that the Treasury could raise the money at lower interest rates if it sold the bonds itself.

They argue that the financing method would not breach the Gramm-Bludman budget balancing law because it would count as an extraordinary spending measure in the middle of a financial year.

Mr Brady, however, has countered that the financing method would arouse concern among the Gramm-Bludman budget balancing law because it would count as an extraordinary spending measure in the middle of a financial year.

The House banking committee has begun consideration of a bill this week, and the Senate banking committee is due to begin drafting next week.

The S&L industry, exercising its political muscle on Capitol Hill, has focused its campaign on attacking the 1991 deadline for more rigorous capital standards.

A compromise is, at this stage, considered much more likely than a veto.

Curbs on military in Chilean reform plan

By Ivo Dawmay in Rio de Janeiro

CHILE'S opposition and an influential conservative party yesterday proposed constitutional reforms which would keep the military out of politics and limit congress to elected members.

In recent months, politicians and diplomats in Brazil have repeatedly responded to international criticism of the destruction of Amazon rain forest by saying the country will never surrender its sovereignty over the region.

The affair is made worse by the personal involvement of French Premier Michel Rocard. According to Brazilian diplomats, he personally rang Mr Sarney last Thursday requesting that he join the other signatories of the so-called Hagué Declaration by simultaneously publishing the text on April 3.

It was also suggested that the newspaper advertisement might be accompanied by the text of the speech of each country's representative at the talks.

But when the French version appeared, it was accompanied by a paragraph defending the creation of an international body with supra-national powers to deal with ecological issues at the expense of national sovereignty.

In fact, Ambassador Paulo Tarso Flecha de Lima, Brazil's senior diplomat, had specifically attended the Hagué meeting to ensure any such proposals were not included in the declaration.

A curt note demanding an explanation for the advertisements, carried in Le Monde, Figaro and Liberation, has now been sent to the French embassy, expressing Brazil's "perplexity and disagreement" with the text.

The French are taking a calm attitude to the row, and seem willing to placate Brazil through diplomatic channels. But the row is certain to worsen already poor relations between the two countries over "green" issues.

Mr Sarney was yesterday due to announce details of a \$178m package of environmental measures including the creation of four new ecological reserves, land reform and new controls on forest destruction.

Up to now the key remaining hurdle has been the cost of road freight transport. The railway would not only cut heavy diesel import costs, but could carry 40m tonnes of grain a year to idle port capacity at São Luis.

A swing in Brazilian migration tides and a redistribution of wealth from the south to the centre and north would follow naturally, Valec concluded.

Dark glasses should be worn to dim the dazzling hyperbole of Valec's prospectus. Large-scale land reform would be necessary if any major lasting population shift were to become reality.

And what would be the environmental impact - now the most potent poison pill against foreign investment interest - on the nearby Amazon rainforest?

Brasília and Paris fall out after environment meeting

By Ivo Dawmay in Rio de Janeiro

A ROW has broken out between Brazil and France over advertisements published in Paris to publicise the outcome of last month's 24-nation meeting in the Hagué on the environment.

Brasília says France has wrongly implied that President José Sarney's government is "ready to surrender a part of its national sovereignty for the common good of all humanity."

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Bumpy ride on Brazil's railway to nowhere

By Ivo Dawmay in Rio de Janeiro

BRAZIL'S 1,000-mile North-South Railway - the world's longest and most controversial rail project - is inaugurated today with its proud founder in serious doubt as to its chances of completion.

For as President José Sarney opens the first 65-mile stretch of track, the ministers chugging along behind him are well aware that much of the Brazilian public believes it too is being taken on an expensive and unnecessary ride.

Originally conceived two decades ago, the rail link between Brazil's isolated northern port of São Luis and Anapolis in the wealthy industrial south might once have been taken on an exciting new milestone on the nation's road to development.

Its aim is to turn the huge, underpopulated Cerrado region - the inland savannah running north from Brasília - into farming's new California, while taking population pressure off the overcrowded coast and south.

It could do both. But poor timing, cackhanded public relations and the all too familiar odour of corruption have turned Mr Sarney's pet project

into a national symbol for all that's wrong with his tired administration.

The \$2.4bn (£1.4bn) railway was first announced at the end of 1968 in the midst of an economic crisis, surging inflation and the first in a series of austerity programmes.

It was arbitrarily imposed under a decree law by a president whose home state, Maranhão, looked set to be its greatest beneficiary.

Few efforts were made to rebut criticism of its pharisaic scale, nor were comprehensive viability studies publicly presented to justify its cost.

Within months, an enterprising journalist proved that the outcome of tendering for the initial engineering contracts was known several days before the opening of the sealed bids.

Predictably, criminal investigations into the corruption allegations came to nothing.

For the public at large, the scandal instantly transformed the North-South Railway from romantic Cinderella into greedy, ugly Sister.

Journal do Brasil, the respected Rio daily, asserted that while there were arguments for a railway, the scandal demanded that the project be halted for

further evaluation studies, open public discussion and the wounding of overseas investment finance through foreign debt conversion.

This was ignored. And despite further and deeper public expenditure cuts each year, Mr Sarney continued channelling funds towards the railway, allegedly calculating that the more track constructed, the harder it would be for his successor to axe it.

Venezuelans stage protests

By Ivo Dawmay in Rio de Janeiro

VEZUELAN students and slum residents have staged scattered demonstrations since Monday to protest against the Government's recent economic adjustment programme, which has provoked steep price increases and higher interest rates.

Protesters in Caracas and Maracabo set fire to buses, blocked thoroughfares and engaged in fights with police.

The scenes were reminiscent of clashes in February and early March that developed into a wave of violent civilian riots which left 300 dead and thousands of injured.

This week's disturbances, in which one person has died, have been concentrated in the two cities and so far have occurred on a limited scale.

Mexico will soon announce its intention to undertake a three year economic reform programme, with an option to extend for another year supervised by the International Monetary Fund, and is seeking new loans from commercial banks over a similar period.

Mr Pedro Aspe, Mexico's Finance Minister, told senior US bankers in New York on Tuesday that Mexico would soon submit a letter of intent to the IMF for a three year Extended Fund Facility with an option to extend for another year, bankers said.

Mr Michael Wilson, Canada's Finance Minister, will deliver the 1989 budget on April 27, David Owen writes from Toronto. An exceptionally austere package is expected as the Mulroney Government attempts to bring its worsening deficit and debt problems under control in the wake of a sharp run-up in interest rates.

Austere Canadian budget likely

Mr Michael Wilson, Canada's Finance Minister, will deliver the 1989 budget on April 27, David Owen writes from Toronto. An exceptionally austere package is expected as the Mulroney Government attempts to bring its worsening deficit and debt problems under control in the wake of a sharp run-up in interest rates.

Strength in Basic Chemicals

This high degree of integration is one of the major assets of the BASF Group, and is an outgrowth of more than a century of producing basic chemicals. At the Group's home base in Ludwigshafen, for example,

BASF operates production facilities for all of the most important basic chemicals: ammonia, methanol, carbon oxide/hydrogen, sulphuric acid, chlorine/sodium hydroxide, ethylene/propylene, acetylene, and benzol - the building blocks for practically the entire range of chemical products.

BASF produces these chemicals only for captive use, utilizing modern, cost-efficient technology that makes possible in-house production below market prices. The company does not aim to produce all of its needs for basic chemicals. These facilities, however, enable the Group not only to

operate its own plants efficiently at high capacity but also to maintain stability and flexibility in its needs for raw materials.

Prepared for the Future

Standoff in Haiti as fighting dies down

By Michael Tarr in Port-au-Prince

A TENSE standoff continued yesterday morning between troops loyal to Gen Prosper Avril, Haiti's President, and dissident soldiers demanding his removal because they oppose a recent purge of officers accused of corruption.

Long bursts of automatic weapon fire punctuated the night in most parts of the capital but there appeared to have been no fighting.

Reports were sketchy because the Government has declared a state of emergency, imposed a curfew and ordered radio stations to broadcast only official communications.

The 1,100 men of the presidential guard, loyal to General Avril, are outnumbered by the rebel units, the 900-strong Des-

salines Battalion and the Leopards Corps, with 450 men. But the president's factor has the army's only armoured vehicles.

In an address from the presidential palace, Gen Avril appealed for an end to the mutiny "to prevent the nation's collapse" and warned of the danger of foreign intervention.

He claimed that the officers who began trying to depose him last Sunday were planning to restore the kind of rule that characterised the Duvalier family's 29-year dictatorship.

Western diplomats and centrist politicians still see Gen Avril as Haiti's best hope for a transition to democracy and fear anarchy and the return of the Duvalierists if he falls.

Blue-Chip Performance Through Vertical Integration

BASF, one of the world's leading chemical companies, has invested considerable resources to achieve optimal efficiency through vertical integration of its production facilities. From the production of petrochemicals such as ethylene and propylene to finished plastics. From synthetic gas to high-value specialty chemicals.

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operate its own plants efficiently at high capacity but also to maintain stability and flexibility in its needs for raw materials.

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BASF, one of the world's leading chemical companies, has invested considerable resources to achieve optimal efficiency through vertical integration of its production facilities. From the production of petrochemicals such as ethylene and propylene to finished plastics. From synthetic gas to high-value specialty chemicals.

OVERSEAS NEWS

Namibia fighting grows ahead of ceasefire talks

By Anthony Robinson in Cape Town

THE bush war between South West African People's Organisation insurgents and combined South African backed police and army units intensified yesterday...

The five powers are members of the joint commission set up at South African insistence as a forum for ironing out any difficulties which arose in the implementation of the tripartite Angolan peace agreement...

Syria angered at French statements on Lebanon

By Victor Mallet

SYRIA yesterday criticised the resurgence of French support for Lebanese Christians, as artillery bombardments in Beirut shattered an Arab League-sponsored ceasefire...

Kashmir hit by fourth day of violent protest

By David Housego in New Delhi

KASHMIR, which is beginning to rival the Punjab as India's most lawless province, was yesterday shaken by a fourth day of violence...

India fights to control population growth

K.K. Sharma in New Delhi on the moves to introduce 'voluntary' family planning

AFTER the excesses of forcible sterilisation, engineered by the late Mr Sanjay Gandhi, the controversial brother of the present Indian Prime Minister...



Indian women wait outside a village family planning clinic.

fact, admitted in an official report which says: 'There is a fairly high proportion of infertile couples undergoing sterilisation who are reported to be beyond the reproductive span.'

Hyundai softens line on strike

By Maggie Ford in Seoul

MR Chung Ja Yung, chairman of South Korea's Hyundai business group, yesterday gave a message of conciliation...

Libyan jet deal worries Israel

By Hugh Carnegie in Jerusalem

ISRAELI yesterday expressed 'deep concern' over the Soviet Union's sale to Libya of advanced jet bombers...

Official Taiwan delegation to visit China

By [Name]

AN OFFICIAL Taiwanese delegation will visit China next month for the first time since 1949...

Australian docks reform recommended

By Chris Sherwell in Sydney

DECADES of stultifying inefficiency at Australia's docks could be ended if the Labor government accepts wide-ranging reforms...

Hong Kong urged to admit migrant labour

By John Elliott in Hong Kong

HONG KONG'S leading employers' organisations yesterday urged the Government to admit 50,000 workers from China and other Asian countries...

Refugee policies that leave Vietnam's boat people adrift

Richard Gourlay reports on the move towards screening procedures that will add to the problems of asylum-seekers

AFTER six days at sea in a 40-foot fishing boat, Nguyen Nhu Son landed in the Philippines on March 25, thinking that as a Vietnamese boat person he would automatically be resettled in the US or Canada...

The world total of people exiled from their homeland, as estimated by the US Committee for Refugees in its report released yesterday, rose by more than 1m last year to 14.4m...

Permanent migrant workers should be allowed in from China, supplementing a current quota of 75 people a day who mostly come to join their families.

Short of changing the economic conditions in Vietnam, there is only one simple, but as yet internationally unacceptable, solution to the refugee problem and that is 'forced repatriation or deportation.'

Bhutto cuts activities of Pakistan intelligence

By [Name]

MS Benazir Bhutto, Prime Minister of Pakistan, has cut the role of Pakistan's military intelligence in arming and supporting Afghan and Indian rebels...

Troops halt demo

By [Name]

Chinese troops, tensed out in force at Peking's central square to prevent any demonstrations that might be planned to commemorate the April 6 1976 protest which signalled the end of the Cultural Revolution...

Japanese strike

By [Name]

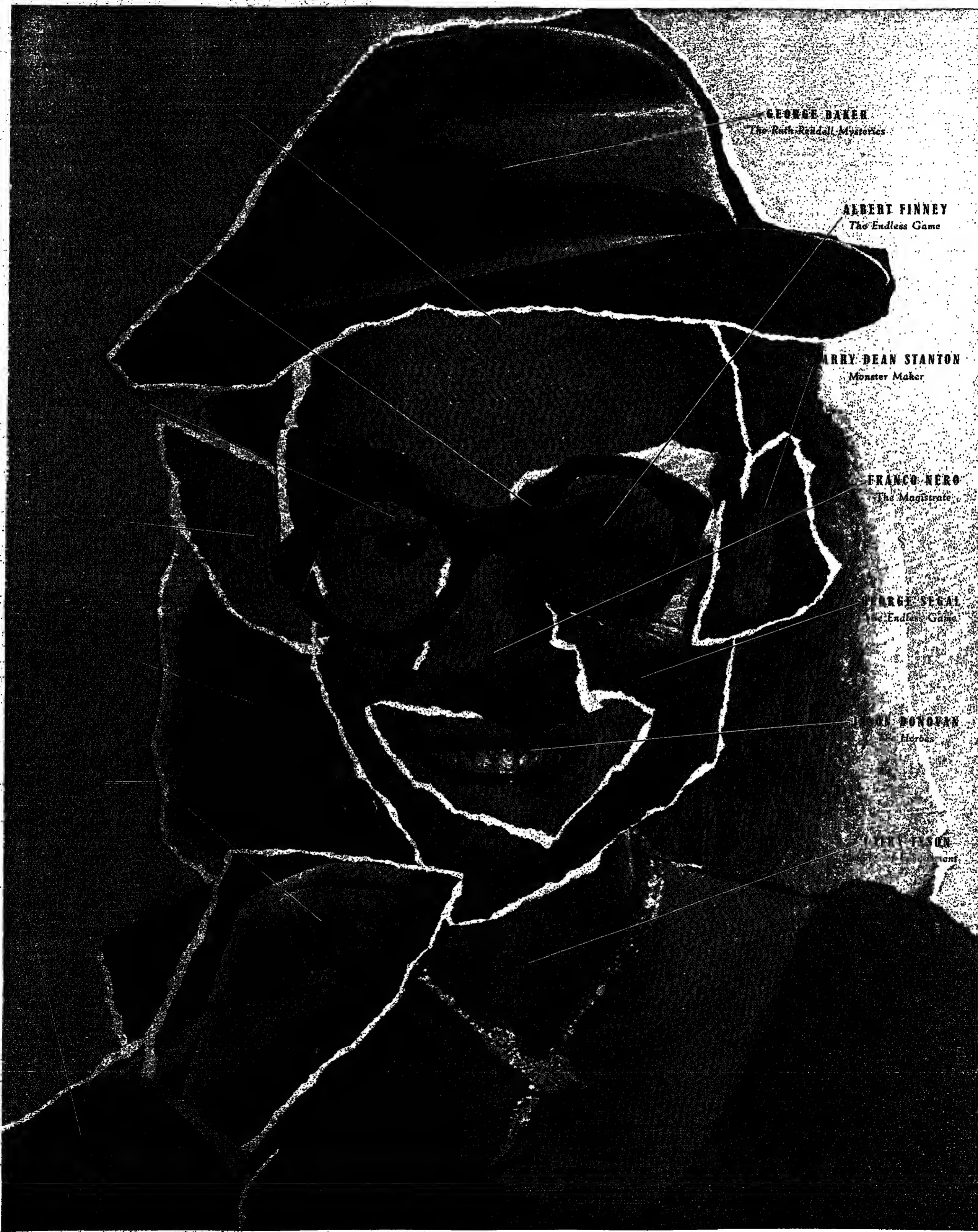
About 50,000 Japanese dockers went on strike yesterday demanding higher wages and shorter working hours...

Ceasefire rejected

By [Name]

Afghan rebels yesterday rejected a call by the Kabul government for a ceasefire during the Muslim holy month of Ramadan...

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legation  
Visit China

WORLD TRADE NEWS

# Dunkel tries to force the pace on farm reform

By William Dullforce and Peter Montagnon in Geneva

TOP TRADE officials were told yesterday that they were running out of time to reach an agreement on farm reform that would unblock the stalled Uruguay Round of multilateral trade negotiations.

The warning, from Mr Arthur Dunkel, Director General of the General Agreement on Tariffs and Trade, came as formal negotiations entered their second day with no agreement in sight on short term farm reform. Mr Dunkel, who had earlier expressed optimism that agreement was near, has begun to force the pace of the talks which are nonetheless now expected to run on into the weekend.

Delegates said that despite a widespread will to reach agreement, several countries were now having problems with accepting the concrete implications of a freeze on farm supports which forms an essential part of any final package.

The US has been insisting that the terms of a freeze should not prevent it from releasing land currently set-aside from grain production for fresh planting to compensate for the effects of last year's drought. The European Community considers that this would give the US an unfair advantage.

The EC cannot tell its dairy

# Trade row between US and Canada worsens

By Our Correspondents in Geneva

CANADA is to ask the General Agreement on Tariffs and Trade next week for permission to retaliate against the US because of its failure to comply with a Gatt ruling on its so-called "Superfund" oil levy. Its decision follows closely on an announcement last week by the US that it was in turn planning retaliatory action against Canada for refusing to amend its curbs on the export of unprocessed fish in line with a Gatt dispute panel finding.

Neither country wants this intensification of hostilities to spoil the atmosphere of this week's Uruguay Round trade talks, but diplomats believe it reveals limits to their Free Trade Agreement which is supposed to make for smooth relations.

It also strikes to the heart of one part of the Uruguay Round which is designed to strengthen Gatt by tightening up its dispute settlement process in a way that would put greater pressure on members to comply with panel rulings. Gatt's Superfund ruling which decreed that the oil levy, imposed in 1986 to finance a \$9bn environmental protection programme, discriminated against foreign suppliers has been a long-standing embarrassment to the US. Washington has been unable to persuade Congress to amend the relevant legislation.

The European Community, which was also a party to the Superfund complaint, has already drawn up a list of possible retaliatory measures. A Commission official said this week it would act "very soon" in the absence of an appropriate US response.

Delegates to the Geneva Gatt trade talks said these developments underline how quickly a fresh burst of disputes could break out in the absence of agreement this week to set the Uruguay Round back on the rails.

Canada says it has been considering amending its fish export regulations in ways that would satisfy the US.

# UK hangs on to Middle East export market share

By Victor Mallet, Middle East Correspondent

BRITISH exports to the Middle East fell by 3 per cent last year to \$5.37bn, although Britain is holding on to its 11 per cent share of the market, according to an analysis of trade statistics by the semi-official Committee for Middle East Trade.

Four years ago, Britain's market share was only 8 per cent and the improvement is attributed by Comet to Britain's relative weakness in winning the major projects of the late 1970s and early 1980s. Today much of the infrastructure in the Gulf oil states, often built by Britain's Japanese, European and American competitors, has been completed.

"We're still hanging on to our increased market share," said Mr Sinclair Road, a consultant for Comet. "We've always been better at general supply business."

Despite the drop in British exports to the Middle East, the region's share of all UK exports rose slightly to 7.1 per cent last year from 6.8 per cent in 1987 - reflecting the overall fall in UK exports in sterling terms.

Iraq was notable for increasing its imports from Britain by more than 50 per cent to \$412m, a rise linked to the provision of British export credit guarantees, while Iranian imports from Britain fell 20 per

cent to \$248m. Significant increases were also recorded in Oman and Algeria, and Lebanon - where whisky, cigarettes and other consumer goods are imported for smuggling to Syria.

Exports to Saudi Arabia, the largest Middle East market for the UK, fell in line with the uneven delivery of Tornado aircraft, and Egypt, Turkey and the two Yemens' also reduced imports from Britain.

Comet officials have expressed concern that neither government nor business in Britain pays enough attention to the Middle East. They point out that the region contributed a surplus of \$2.9bn to British

trade figures last year. "Although UK exports to the region continue to register a small annual drop from the peak figures reached in 1983, it remains one of our major market areas," Comet said.

Shandling International, the medical equipment packaging company, has won a \$250m contract to supply, install and commission a hospital complex in the Iraqi capital Baghdad. The Export Credits Guarantee Department is supporting a \$16m loan from Midland Bank for the project, and the balance is being funded in mixed currencies under an agreement between British Bank of Iraq and Shandling International.

Country	Value £m	% Chng '87/88
S. Arabia	1,731	-13
Turkey	478	-7
UAE	465	-3
Iran	412	+54
Oman	345	+38
Egypt	280	-15
Yemen	248	-20
Kuwait	238	+5
Libya	236	+7
Jordan	184	-3
Bahrain	138	+10
Others	527	-
TOTAL	5,271	-5

Source: Committee for Middle East Trade

# Indonesian air industry takes off

John Murray Brown on jumping hurdles to home-grown technology

AT THE headquarters of PT Nusantara (IPTN), the company at the leading edge of Indonesia's state-run aerospace industry, engineers sit at brand new US-made IBM computers. The software they use is a programme specially written by Dassault, the French aircraft maker. The design on the screen, however, is totally Indonesian.

Today, at a time when the company faces growing public and government pressure to show a profit or at least a nominal return on its huge state investment, technicians at IPTN are dreaming up the design of the country's first homegrown aircraft.

A "head in the clouds" idea is how one of the growing number of critics of IPTN describes this latest project at a time when even the world's best known aerospace firms are setting their sights on joint collaborations.

Of greater concern, however, is the economic cost of yet another venture which will absorb further state subsidies at a time when a fall in oil revenues has put Indonesia's budget under increased strain.

"You cannot just count the aircraft manufactured, you also have to look at the skills acquired and the workforce we've developed," says Air Vice Marshal Suwondo, Director of General Affairs at IPTN,

in answer to the critics. A seven-man research team is developing the N250 the proplan 50 seater, which IPTN hopes to unveil at the 1988 Jakarta airshow, an Indonesian prototype to replace the Fokker 28 and 27 and compete with the Italian ATR-42.

IPTN is no stranger to controversy. Late last year in an apparent bid to counter growing criticism of the company within the cabinet, President Suharto publicly declared that IPTN was not a "prestige project."

Like so many of the country's more ambitious schemes Indonesia's aerospace industry was the brainchild of Professor Jusuf Habibie a former director of Messerschmitt Bolkow Blohm (MBB) who in 1974 returned to Jakarta as President Suharto's Minister for Research and Technology.

The President's support for Professor Habibie has been vital. No Indonesian state company has received greater protection than IPTN. Apart from its substantial budget subsidy, which was increased by 44 per cent for 1989-90, the company enjoys special import rights on raw materials such as aluminium and plastics.

Domestic carriers are obliged to buy from IPTN, and even military and government procurement is now increasingly linked to counterpurchase and offset agreements with IPTN.

Since it was set up in 1976, IPTN has fostered relations with Casa of Spain, MBB, Aerospaciale of France, Fokker, Boeing and most recently General Dynamics on a range of collaborative ventures from simple maintenance agreements to airframe manufacturing.

"You cannot just look at aircraft manufactured, but at the workforce we have developed."

Indonesia is viewed as a huge aviation market even if the fall in oil prices has proved something of a setback to current spending plans. Defence sales offer further opportunities - the latest example being the purchase of the F-16 from General Dynamics of the US.

The visit to IPTN at the end of March of Mr George Younger, the UK Defence Secretary, has raised the prospect of UK firms in both military and civilian sectors. British Aerospace is negotiating to collaborate on the Hawk 200, while the Tornado is offered by a joint UK-German-Italian collaboration.

According to some western

defence experts, IPTN's 70-acre site in the volcanic hills outside Bandung is one of the world's best-equipped airframe manufacturing complexes.

IPTN currently has 14,000 staff making it the second largest company after Pertamina, the oil monopoly. The payroll includes more than 1,000 engineering graduates. Half the workforce are bachelors. The average age is only 28.

However, the company has only sold around 200 aircraft both fixed and rotary wing, mostly to the government. As for export orders, Thailand bought five CN 212s, the plane built with Casa, for cloud seeding. Saudi Arabia purchased four CN 235s, another collaboration with Casa, which is seen as a possible competitor for the Italian ATR 42 as a short-haul commuter plane. Botswana bought two 235s, again for agricultural use.

With rotary wing orders now also depressed due to the slow down in domestic oil activity, IPTN is looking at offset deals and component supply contracts. Boeing and Fokker have each signed component deals worth a total of \$75m (\$44m). The \$337m F-16 contract contains 35 per cent of the cost in local offset.

If British Aerospace want to succeed with the Hawk they will have to match or better those sort of terms.

those sort of terms.

# Norwegian ship register scores notable success

By Karen Fosell in Oslo

NORWAY'S International Ship Register (NIS) has scaled new heights since its formation nearly two years ago, far surpassing the expectations of its founders and critics alike.

The latest figures show a near doubling of NIS-registered vessels, to 498 from July, 1988 when the number of ships registered under NIS was 251.

NIS was established to stop the flood of Norwegian ships to flags of convenience or "open registers" such as Liberia and Panama by offering broadly similar savings on crew costs.

NIS has also helped to prevent Norwegian tonnage from being seriously reduced and is credited with restoring growth within the Norwegian shipping industry which suffered tremendously during the shipping crisis in the 1970s.

Of the 498 NIS-registered ships, 54 had originally sought other registers but turned to NIS after its establishment.

About 380 NIS ships come from abroad. Twelve are new-buildings from foreign shipyards; 106 are Norwegian-owned but earlier registered out of Norway, while 212 represent second-hand tonnage purchased abroad.

Norway currently owns about 6 per cent of the world fleet up from 4 per cent less than two years ago.

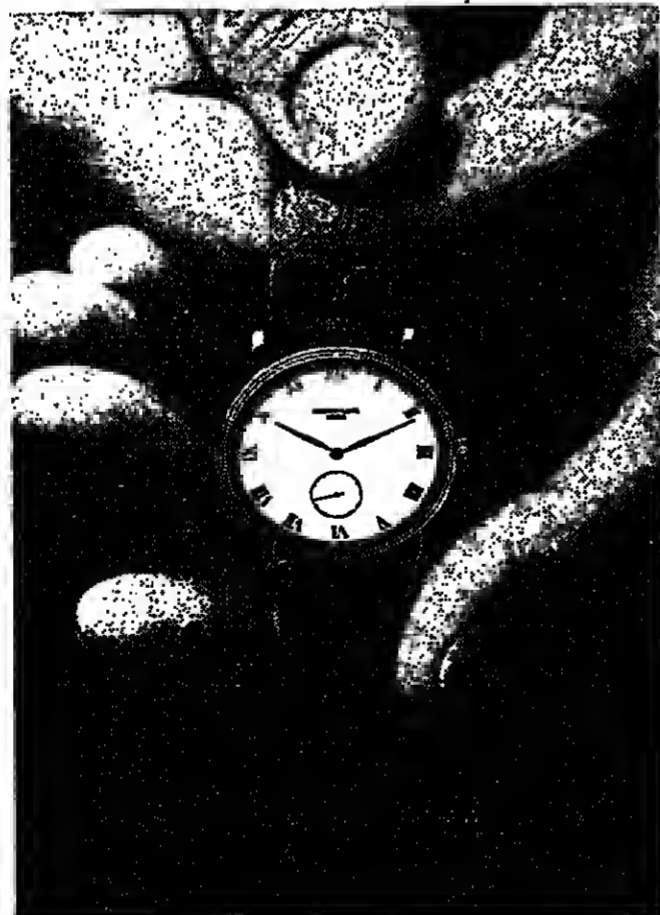
By contrast, there are 406 Norwegian-owned ships flying 33 different foreign flags.

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UK NEWS - THE GORBACHEV VISIT

Tourists given a misty view of the London sights

PRESIDENT Gorbachev scattered security men yesterday when he leapt from his car to meet members of the public who had been waiting in the rain to see him. He and Mrs Raisa Gorbachev had just left Westminster Abbey, where they had laid a wreath of poppies on the tomb of the unknown soldier.

After the ceremony, Mr Gorbachev told a Soviet reporter, and his words were translated for Mrs Thatcher. "This has been a very significant event here. It reminds all of us of our common responsibility."

The Soviet premier was the first to sign the Abbey's new distinguished visitors' book and he was handed a copy of a comprehensive history and guide to the building.

Mrs Gorbachev was given two tapes

of the choir singing music for Royal occasions and carols, as well as a commemorative disk.

Later, disappointed officials at Tower Bridge were left standing when Mrs Gorbachev failed to set foot inside the landmark. She was due to make her way to the top of the Victorian bridge to see the views over London, but as she was running 35 minutes behind schedule the visit was cut short.

Mrs Gorbachev arrived from her tour of St. Paul's in a 10-car cavalcade. She was greeted at Tower Bridge by the Lady Mayoress of London, Lady (Anne) Collett, before being shown mist-shrouded views along the Thames.

When asked how she felt about the weather, she said through her interpreter: "It is very fresh after leaving

Havana."

She was asked why she had chosen to see Tower Bridge during her whistle-stop tourist trip and replied that she wanted to see the panoramas of London. However, the low cloud and drizzle meant views were not as good as she had hoped.

She added: "I am glad to come and see this great and beautiful city again, where history is in close touch with the present time."

Mrs Gorbachev was asked about a possible visit by the Queen to the Soviet Union. She said: "It is not my responsibility. That is up to the General Secretary."

Waiting for her inside Tower Bridge had been assistant bridge master Mr Keith Bywater, together with Sir Christopher Leaver, chairman of the London

Tourist Board, and Mr Christopher Mitchell, chairman of the Corporation Planning Committee.

When he discovered Mrs Gorbachev would not be paying a visit, Mr Bywater said: "Of course I think everyone is disappointed under the circumstances."

Mrs Gorbachev later delivered a message of peace to pupils of Prior Weston primary school, in London's Barbican, during her visit to the Museum of London.

After receiving a bouquet of red carnations from eight-year-old Benjamin Robinson, the former teacher said: "Let the flowers grow everywhere."

Mrs Gorbachev appealed to the class to pass on the peace message to their fathers, mothers, grandfathers and grandmothers.



Pointing the way: Mrs Thatcher and Mr Gorbachev with an interpreter

Howe says sale of bombers 'disquieting'

By Robert Mauthner, Diplomatic Correspondent

MR EDUARD Shevardnadze, the Soviet Foreign Minister, yesterday countered British expressions of concern at US-aided reports that the Soviet Union had sold up to 18 supersonic Su-24 jets to Libya by pointing to the large quantities of western arms sales to the Middle East.

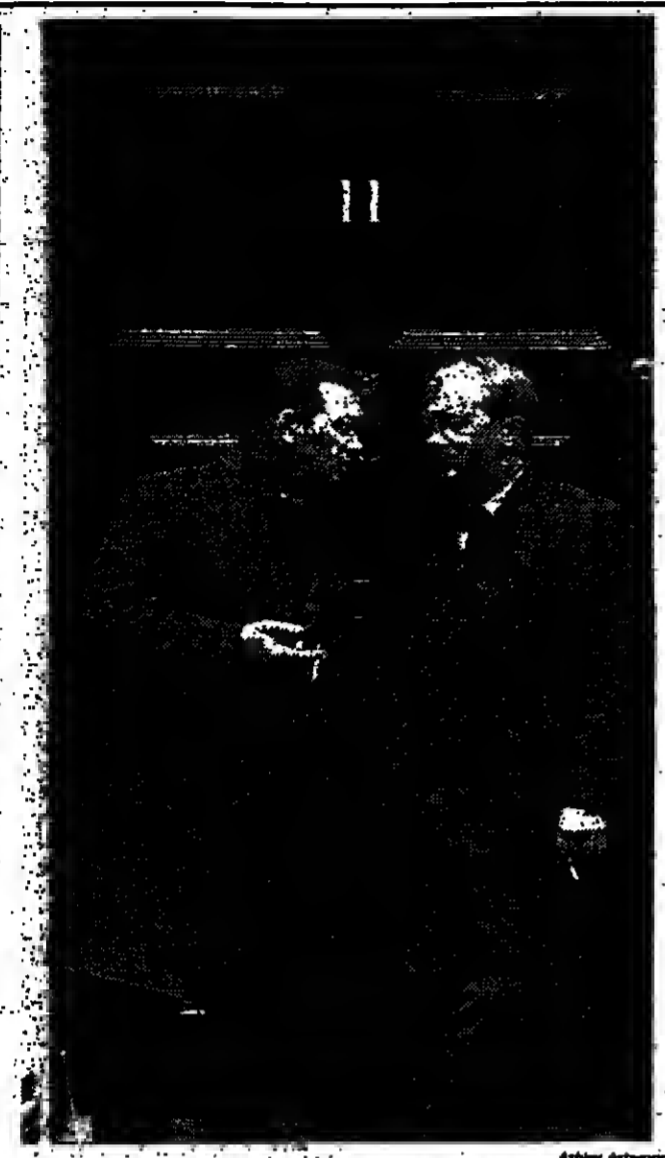
Sir Geoffrey Howe, the Foreign Secretary, had expressed the British Government's concern over the reports in talks with Mr Shevardnadze on the sidelines of the meeting between Mr Mikhail Gorbachev, the Soviet leader, and Mrs Margaret Thatcher, the Prime Minister. British officials said there had been "a fairly sharp exchange" on the subject.

The reports were neither confirmed nor denied by Mr Shevardnadze, but Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, later suggested that there was "something suspicious" about the timing of their publication in the US press, particularly since the sales had been public knowledge for some weeks. Somebody on the other side of the Atlantic perhaps wanted to throw a spanner into the works of the Gorbachev-Thatcher meeting in London, the Soviet spokesman said.

Sir Geoffrey said the sales of the bombers, with a long enough range to reach Israel, were particularly disquieting because of the unpredictable character of the Libyan regime and its supplies of small arms and explosives to the IRA. They were also in contradiction to Soviet calls for a halt to arms supplies to Central America and other areas.

While Mr Shevardnadze recognised that the arms build-up in the Middle East was a matter for serious concern, he emphasised that Britain was contributing to the dangerous situation. He specifically mentioned the recent huge British arms deal with Saudi Arabia for the supply of aircraft, airbases and weapons systems, estimated to be worth £1.5bn to £2.0bn (\$250m to \$350m).

The two ministers also clashed over chemical weapons, which both countries, in principle, want to see banned. Sir Geoffrey questioned Soviet claims that the total Soviet stock of chemical weapons was no more than 50,000 tonnes. According to British estimates, Soviet stocks of chemical weapons are six times greater than the official figure and the Foreign Secretary said he found the Soviet position "unconvincing".



Out in the cold: the Gorbachev drivers take a 'break'

Industry 'must seize Glasnost'

By Philip Stephens and Quentin Peet

THE BRITISH are putting a brave face on it. As Mrs Margaret Thatcher signed a new investment protocol yesterday with Mr Mikhail Gorbachev, the message to British industry was that it should now seek to seize the opportunities that Glasnost offers for western business.

Some companies have already taken advantage of those openings. Alongside the new investment Protection and Promotion agreement signed by the two leaders, several companies put the final seal on recently-completed deals.

British officials were also keen to point out that, even before yesterday's Protocol, some 19 UK businesses had already signed up for joint ventures in the Soviet Union and another 40 were actively considering similar deals.

They hope that the British trade fair which Mr Cecil Parkinson, the Energy Secretary, will open in Moscow next week will provide a further boost to both joint ventures and exports.

The new agreement should help. Similar to those signed with some 40 other countries, it provides a legal framework for investment deals between companies in the two countries.

It includes, for example, a provision on expatriation of assets, the right of unrestricted transfer of capital, and provision for international arbitration in the event of disputes.

Yesterday's exhortations from Lord Young, the Trade and Industry Secretary, did lit-

tle to disguise the disappointment on both sides at the sluggish pace of expansion of both trade and investment projects.

In theory, two-way trade is on track to achieve the target set in 1987 of a 40 per cent increase to £2.3bn by 1990. The present volume is said by the Soviet side to be around £2.2bn.

But the figures actually overstate the real trade exchange between the two countries, because some 40 per cent of Soviet exports consist of diamonds and precious metals, most of which are simply being sold in London and re-exported.

Even the overall figure compares unfavourably with virtually every other European country and, significantly for the British side, masks a much faster increase in Soviet exports to the UK than the reverse.

The latest British statistics - not strictly comparable with the Soviet ones - suggest that in the 11 months to November 1988 the value of British exports to the USSR fell by 1 per cent from the same period a year earlier to £455m.

Britain's sales - concentrated in such areas as control instruments, specialised machinery, chemicals and cereals - also leave it well down the league table of western exporters to the Soviet Union.

In 1987 its share of overall western exports was only 3.9 per cent - inevitably well behind the 21.2 per cent claimed by West Germany but also significantly lagging that

10.7 per cent held by Italy and the 8.5 per cent by France.

Soviet officials also believe that British exporters have been particularly slow to respond to the reform of Soviet trade and investment legislation, intended to promote joint ventures and allow the full range of Soviet enterprises to find their own foreign trading partners.

"The level of co-operation is too low, and it does not match the level of opportunities between the two countries," Mr Nikolai Shishin, a senior official at the Communist Party central committee, said on the eve of the Thatcher-Gorbachev talks.

As for the creation of joint ventures, British companies have been more sceptical than many others in Western Europe in reaching agreements, although a sudden rush of signings since the New Year has pushed up the total number to around 20.

The British Department of Trade, which has produced a new briefing pack on Soviet prospects, also alludes to the "short-termism" which appears to afflict British companies.

The paper identifies clear opportunities for increased exports in sectors such as food processing, consumer products manufacturing equipment and general light industry but adds: "British companies must be prepared to participate in major capital investment projects, which requires a patient long-term approach to the market."

Soviet officials admit that the fault for the slow progress lies on both sides. They blame lack of British competitiveness: "In many cases, British firms have not been able to stand up to firms from West Germany, Italy, Japan, and other countries in tough competition for Soviet contracts," according to the analysis of the semi-official Novosti news agency.

Agreement on building of school in Armenia

By David Thomas, Education Correspondent

THE BRITISH Government, with the help of Aid Armenia and a group of British companies, is to build and equip a new school in Armenia, replacing one lost in last December's earthquake.

The agreement on the school was signed yesterday at 10 Downing Street by Sir Geoffrey Howe, the Foreign Secretary, and Mr Eduard Shevardnadze, Soviet Minister of Foreign Affairs.

The school in Leninakan will be designed by the Department of Education and Science with a team of consultants and will be built by contractors Mowlem International. It will cater for 400 pupils and will open for the 1990-91 school year.

The Armenian authorities have undertaken to clear the site, lay the foundations and floor slab, complete external work and provide the services.

British Petroleum, British Steel, Cable and Wireless, Colroll, General Electric Company, Imperial Chemical Industries, P&O and Rolls Royce have joined Aid Armenia in contributing to the school.

Mr Kenneth Baker, Education Secretary, said: "The school will further strengthen the links we are establishing through teacher and pupil exchanges following my visit to the USSR last Autumn."

Trade delegation to Moscow next week

By Steven Butler

MR CECIL Parkinson, the Energy Secretary, is leading a delegation of high-powered British businessmen to the Soviet Union next week as part of a trade promotion effort.

The trip is part of British-Soviet Trade Month. Among other activities the promotion will give Soviet television viewers a chance to watch Thames Television for five nights from April 10 by means of a direct link to the Soviet Union's Gostelradio. The potential audience is 200m.

British energy companies are believed to have significant potential to expand sales into the Soviet Union. The event marks the first large trade fair of its type in nearly 25 years and is timed to mark the second anniversary of the opening of the Moscow office of the British-Soviet Chamber of Commerce.

Included in the delegation are senior executives from prominent UK engineering companies in the energy field, including Lord King, chairman of British Airways and FKI Babcock, Lord Jellicoe, chairman of Davy Corporation, Mr Allan Gormley, managing director of John Brown, Mr Peter Harvey, regional director for Eastern Europe of the General Electric Company, Mr John Kenny, director of J P Kenny, Mr John Ferris, director of Rolls-Royce, and Mr David Linkley, director of Taylor Woodrow Management and Engineering.

Also in the delegation are Mr Best Butler, a managing director of British Petroleum, and Mr Brian Eyre, of the UK Atomic Energy Authority.

Many of the companies in the delegation have active trading relations with the Soviet Union. British Petroleum will examine possibilities for opening a Moscow office.

Russia to export washing machines

By Christopher Parkes, Consumer Industries Editor

MAY DAY, 1990 will see the introduction to Britain of some of perestroika's earliest fruits. Fresh in from the Vjatka works in Kirov, the first of a 25,000-strong consignment of Russian washing machines will go on sale in the High Street.

Beautifully by Pentagram, the classy UK design house, and engineered by a team including ex-employees of Hotpoint, Britain's leading appliance maker, they will be built with technical assistance from Italy's Merloni Elektrodomestici, maker of Ariston and Indesit appliances.

The imports result from a year-old joint venture between Parkfield Group, the auto components, foundries and video company, and Technical & Optical Equipment, the Soviet Union's consumer goods distributor in Britain.

Setting the seal on the link, Parkfield yesterday signed an agreement with Technical & Optical for the future development and distribution of other consumer products. The British company said trade handed by the joint venture could reach up to £75m a year within three years.

Mr Chris Davies, a Parkfield director, said "a major High Street retailer" had been so impressed by the machine that it had agreed to take the whole of the first year's shipments.

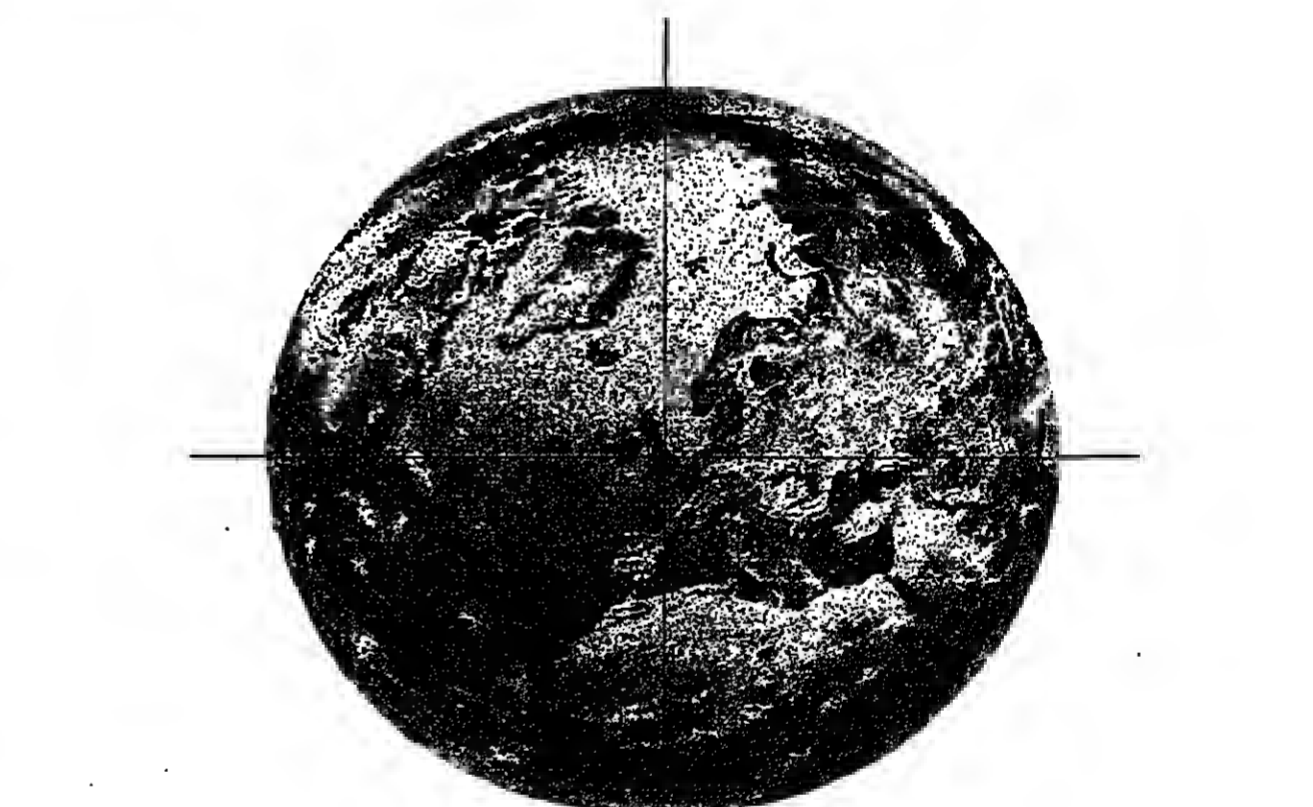
A further 25,000 machines were destined for export to Spain and Australia, he said, but the rest of the factory's output of 300,000 washers a year would be sold inside the Soviet Union.

Fixed at around £280, the appliances were described as "highly sophisticated," and Mr Davies claimed they had more features - than a Phillips machine selling at £350.

He stressed that the Vjatka factory was not responsible for the production of the Soviet refrigerator, believed to be the only other Soviet appliance currently sold in the UK. Selling at less than £100, the Snoop sells at the bottom end of the market, shunned by European manufacturers.

Mr Davies added that arrangements were being made with the retailer's service agents to attend to breakdowns and other problems. But he expected few bugs in the machines.

The rejection rate in the Soviet Union had been "very low," he added.



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FINANCIAL TIMES

MARKET & BUSINESS SERVICES

## UK ELECTRONICS INDUSTRY

The chief executives of Britain's GEC and West Germany's Siemens reply to the comments by Sir John Clark, chairman of Plessey, in the FT of March 30 1989

# The importance of critical mass

The GEC and Siemens proposals to acquire Plessey anticipate dramatic changes in the international electronics industry, the first signs of which are already becoming apparent.

At the root of these changes, driven by the accelerating pace of technological advances and increasing international competition, is the enormous increase in research and development expenditure which is required to develop a new generation of electronic systems, together with a growing need for substantial investment in new manufacturing technologies and equipment. To amortise these costs, increasingly larger production and sales volumes are required.

These fundamental changes have already led to the emergence of a small number of large global competitors with strong home bases in one or other of the three "Triad" markets: North America, Japan and Europe. Large global market shares offer substantial strategic advantages. To secure them, even the most established multinational companies have recognised the need to join forces through mergers or joint ventures if they are to remain world players.

Obviously there are companies operating in sectors of the industry with different competitive forces, which favour small, flexible competitors over larger ones. However, the vast majority of Plessey's businesses are exposed to the global trends outlined above and will require scale to stay viable.

Let us look in more detail at the strategic advantages of our proposals to all three of our companies, taking telecommunications and semiconductor as the main examples.

● **Telecommunications.** The capabilities of telecommunications networks are growing at an astonishing pace, as service providers recognise the vital importance of state-of-the-art technology. To survive in the business it is necessary to meet these demands at a competitive price - or someone else will.

Huge resources are necessary to develop these new systems. Whereas the development of a traditional electro-mechanical public switch cost about \$100m, the development cost of one of the digital switches in current use is about \$1m. Future systems are expected to cost up to \$2bn. Innovation in this field has become extremely expensive.

Few companies have a large enough volume to pay for such

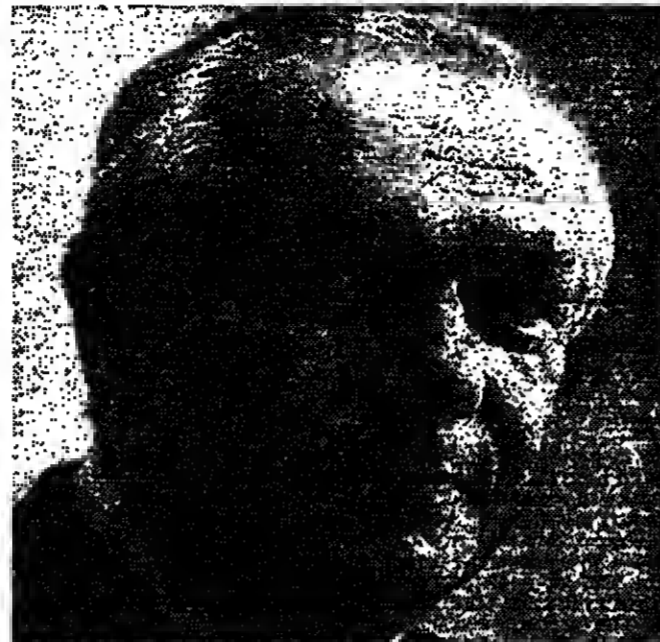
development costs. The North American market, which represents roughly 35 per cent of the world market, is basically served by only two suppliers, whereas eight digital systems were developed in the smaller European market. For the next generation, probably only the top half dozen companies in the world will have sufficient volume and access to world markets to be independently viable.

As a result, competitors are joining forces to stay in this global race. A co-operation between GEC, Plessey, Telecommunications (GPT) and Siemens would benefit both parties. A joint development of the next generation of switches will reduce costs for both. Combined, we will have access to a larger number of experienced engineers - our scarcest resource. Both companies are European and Siemens, which is already selling public telecommunications systems in 85 countries, is providing a strong sales base as one of the largest players worldwide.

● **Semiconductors.** Integrated circuits (ICs) are the building blocks for all electronic systems. The rapid functional advances in ICs directly determine advances in system performance and cost. Early increasing state-of-the-art semiconductor is therefore critical for systems manufacturers.

Today the IC market is dominated by large, vertically-integrated Japanese companies. They control about 90 per cent of the supply of memory chips (DRAMs) compared to European producers' 3 per cent and they regard the IC business both as a cash generator and a strategic weapon of control over chip technology.

This increasingly places them in the driving seat in penetrating markets for value-added products incorporating ICs. The days when they were prepared just to sell their technology are past. These vertically-integrated companies have access to leading-edge ICs before those components are made available on the open market. European systems producers would be severely disadvantaged in the absence of equivalent powerful European IC suppliers.



● Karlheinz Kaske, chief executive of Siemens

In order to stay competitive long term in microelectronics it is vital to have critical mass. Rising R&D costs and steep learning curves favour larger competitors. As a result, large companies have a steadily increasing share of the world market. The recent co-operation between Hitachi and Texas Instruments shows that even larger producers are looking for ways to share the ever-rising costs.

Some smaller producers of applications specific ICs (ASICs) have been able to stay competitive until now because in the past their larger Japanese and US competitors have chosen to focus on standard products. This is now changing and those same large companies are rapidly gaining market share in the ASIC field. Their smaller competitors will be forced to spend ever larger sums on R&D and capital investment just to keep up and that will require substantial resources and a larger sales base.

Systems producers which do not have close ties with leading-edge semiconductor manufacturers are at a significant disadvantage. Siemens is one

of the few companies in the world to have leading-edge processes. Co-operation between Siemens and Plessey would give the systems businesses of both companies access to a broader spectrum of ICs and the operations themselves would inevitably be more cost-effective.

● All three parties will benefit. We have already established that the markets in which we are operating are undergoing fundamental change and the old formulae for success are no longer valid. These changes pose both threats and opportunities. Future co-operation between GEC, Plessey and Siemens anticipates those changes and offers the best opportunity for all three companies to emerge as stronger competitors. Both GEC and Siemens have had successful experiences with similar co-operations - our common Osram joint venture being just one example. We are therefore convinced that all three parties will benefit greatly through co-operation on a European scale.

Karlheinz Kaske



● Lord Weinstock, managing director of GEC

The development planning of GEC operates in three time frames. There is always a current need to solve immediate problems and to keep the business at the highest possible level of competitive effectiveness. In the short term, the rapid response to challenges and opportunities, predictable or unpredictable, is an essential of good management.

The second time frame is symbolised by the year 1993, and the changes that are coming with a single European market. GEC's big negotiations of the past six months, with OGE Alsthon, Siemens and GE, have all been directed to ensuring that GEC, and Britain, are effective forces in European and world markets, able to compete with the larger industrial enterprises of Japan and the US.

The third time frame covers the period of the last years of the 20th century, from, say, 1995 onwards. By that time many existing technologies will have become obsolete. Even during the 1980s the loss of profit from the disappearance of declining electronic technologies has been a central

feature of our markets. All electronic businesses have suffered from them, many more seriously than GEC.

When a technology has a limited life span, there are three ways of responding. One can sell it and get out of that area of business altogether. One can mine it for what it is worth while it survives. Or one can plan to replace it with its successor technology. The first course is sometimes correct. The third course is the ideal one, provided it is realistic and action is taken in time.

The second course is always the most dangerous, since it relies on profits which are not maintainable.

The GEC-Siemens bid for Plessey is concerned with the medium- and long-term future of the business concerned, and quite largely with the future of telecommunications. GEC and Plessey are already engaged in a joint venture telecommunications company, GPT, which amongst other things manufactures System X, a state-of-the-art electronic telecommunications switching system.

Plessey's recognition that its telecommunications business,

which provides a substantial share of its total profits, could no longer be operated as a joint venture with GEC, disposed of the claim that Plessey can best go it alone, and contradicts its expressed view that joint ventures are an inherently impracticable way of operating large undertakings. Joint ventures may be, as this one was, the only way of developing the business, and the existence of GPT is an answer to that part of Plessey's case.

But in fact GPT as it stands is not the right answer either for 1992 or for the long view. It is an excellent company with excellent technology, but it does not enjoy a wide enough market spread around the world. Nor does it, alone, have a large enough customer base to sustain the development of the even more advanced systems which will be required by the year 2000.

Without a successor to System X, GPT has a limited life as a main competitor in public telephone exchanges. What is to follow System X, and how it is to be paid for, are the critical questions for GPT, and for GEC's and Plessey's telecommunications policy.

No one at this stage can be sure what technological developments will occur in the next two decades; indeed they are already happening at an explosive rate. All sorts of institutions will be seeking to advance the electronics technologies involved, and we simply do not know who will be most successful in what product, or even in what area. Systems development is a highly skilled science, but the results it achieves are usually more predictable than in basic scientific research. A good team can probably produce a good system if they are given the resources, but they are obviously unlikely to provide a fundamental breakthrough.

Our estimates are that the R&D cost of a successor to System X will be not less than \$1bn (\$880m), and perhaps up to \$1.5bn over the next ten years.

The capacity to spend on R&D in this area is heavily determined by turnover, and turnover is determined by markets. GPT alone does not

now have the markets or turnover to justify the spend necessary to develop the successor to System X. GPT and Siemens together do, although even GPT and Siemens, operating a joint systems development programme, will be smaller than the larger Japanese and American telecommunications businesses.

The GEC/Siemens deal does therefore move towards an adequate British response to the opportunities of the European market in 1992. More importantly the agreement to work together on the next stage of electronic communications systems means that GPT and therefore a large part of the British telecommunications manufacturing industry - has a good prospect of life beyond the year 2000. The alternative is merely to mine present-day plant and technology for short-term profits. A substantial part of the British industry will then be dead, apart from relatively minor product areas.

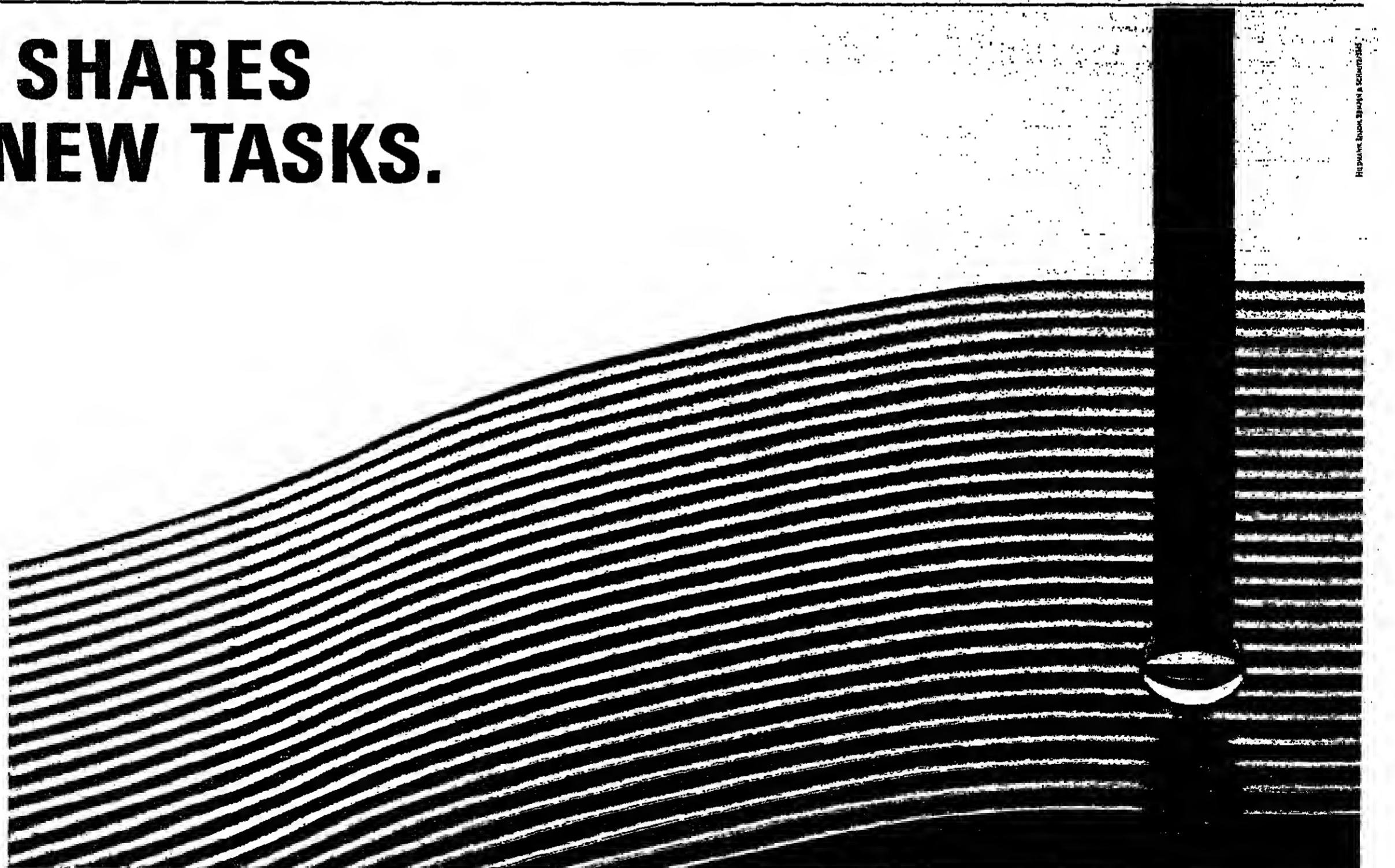
These considerations apply not only to telecommunications, but to other areas involving sophisticated technology, perhaps particularly electronic components. The answers all problems; there are diseconomies as well as economies of scale. GEC operates as a developed management company because we are conscious of that.

But one must contrast the British and the world perception. The British view has been that GEC is too big. The world perception is that GEC is not big enough. In advanced technology, the logic runs: markets, turnover, operating profit, research and development, future products. Specialisation is a part of that process, but the minimum scale for effective survival is always rising. A niche can easily become a tomb.

In GEC we are determined to see that Britain has an effective and profitable electrical and electronics engineering industry in the next century. We cannot expect alone to be able to participate in every market for electronics products, and we therefore seek strong partners, particularly in Europe. But we have to make sure, in each relevant technology, that the logic points to effective industrial development in the Europe of 1992 and beyond. It will be a hard job if British industry falls in that.

Arnold Weinstock

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## Cheaper, simpler system planned Lord Chancellor unveils shake-up of civil justice

By Raymond Hughes, Law Courts Correspondent

LORD MACKAY, the Lord Chancellor, yesterday announced a radical five-year plan to speed up, simplify and cut the cost of civil justice in England and Wales.

The phased plan, which is the Government's response to the Civil Justice Review Body's report published last June, will result in the most far-reaching changes in the civil courts and the administration of justice this century.

It will involve a major redistribution of civil cases between the High Court and County Courts, with the High Court being largely reserved for judicial reviews and other cases either of a specialist nature or of unusual substance, importance or difficulty.

Lord Mackay said yesterday: "The planned changes are part of the Government's overall strategy for securing a better service to the public from lawyers and the courts."

He also said that the proposals in his controversial discussion documents were likely to constitute another part of the strategy.

The Green Papers are to be debated in the House of Lords today. The proposals include the introduction of new qualifications for advocacy in the higher courts, where the right of audience has hitherto been reserved to barristers.

Personal injury cases involving relatively small damages - an area where, at the moment, delays and costs can be disproportionate to the amount claimed - will be the first to benefit from the plan. They account for a large proportion of cases at present

## Expansion programme launched by Immos

By Terry Dodsworth, Industrial Editor

IMMOS, the UK semiconductor company recently acquired by the pan-European SGS-Thomson group, is launching an ambitious expansion plan within days of the final signing of the takeover deal.

The programme will involve the recruitment of 100 electronic design and engineering specialists over the next few months. Over the longer term it will mean investment in new facilities to upgrade the company's chip manufacturing lines at Newport in South Wales.

Detailing the expansion plans in London yesterday, Mr Pasquale Pistorio, chief executive of SGS-Thomson, said that the future of the Newport site was assured.

"The SGS-Thomson group will bring the necessary financial resources and marketing presence to guarantee Immos's position in the worldwide market," he said.

"Finance will not be the limiting factor in the company's future."

Immos, founded with the help of UK Government funds in 1978, has had a troubled financial history despite its pioneering development of the transistor, a revolutionary type of microprocessor.

The company was acquired five years ago by the Thorn EMI group, and has recently moved into profit after extensive rationalisation.

Thorn is maintaining an interest in the semiconductor business through a 10 per cent stake in SGS-Thomson. Its future commitment, however, is limited by an agreement which allows it to opt out of further capital contributions under certain circumstances.

Mr Pistorio said yesterday that although the group intended to fund its expansion largely through its internally-generated cash, it would be calling on its shareholders for further finance from time to time. It has recently received a \$100m capital injection from its original parents, the Thomson-CSF group in France and IRI Finmeccanica in Italy.

He emphasised that the future of Immos would be confirmed by the rapid launch of new products. Immos, he added, would maintain a separate identity within the larger group, manufacturing and developing its own products. But the sales operations of the two organisations would be integrated to achieve economies and give the UK company additional marketing presence.

## Bank still uncertain about high interest rate policy

By Simon Holberton, Economics Staff

THE BANK OF ENGLAND is still not convinced that the British economy has responded to high interest rates and begun to slow down, Mr Robin Leigh-Pemberton, the Bank's Governor, said yesterday.

He told the House of Commons Treasury Committee that in spite of a slowing in the growth of M0, a measure of money supply consisting mostly of notes and coins, "the jury was still out" on whether current monetary policy was working.

Mr Leigh-Pemberton said the effects of the tightening in monetary policy were being felt unevenly throughout the UK. House price rises had slowed in the south-east of England but they were still rising in the north and Scotland.

The Governor's view was supported by Mr John Flemming, an executive director of the Bank and its chief economist, who told the all-party

Committee: "The evidence of a slowing to domestic demand is itself slightly precarious".

Mr Leigh-Pemberton indicated, however, that he thought the current policy would work. The Bank expected growth of domestic demand to moderate, as forecast in the Budget.

The savings ratio in the UK would improve as a consequence of lower borrowing and the trade deficit would also become smaller as softer demand led to lower imports.

Mr Flemming said the Bank's forecast for the UK current account deficit in 1989 was closer to the Treasury's £14.5bn forecast than the International Monetary Fund's estimate of £17bn.

Mr Leigh-Pemberton endorsed the use of a strong pound to bear down on inflation. He said a strong currency would make it difficult for industry to raise prices in

## Abolition of dock scheme may prompt union strike ballot

By Charles Leadbeater and Philip Stephens

DOCKERS' leaders are expected to meet today to consider calling a national strike ballot following a Government announcement yesterday of plans to abolish the National Dock Labour Scheme.

The scheme regulates employment conditions at 49 major British ports which handle 70 per cent of the country's overseas trade. It ensures that manning levels in the ports covered can be reduced only through voluntary redundancy. Dockers laid off have to be found alternative employment.

The Transport and General Workers' Union, the main dockers' union, decided in December it would ballot the 9,400 scheme dockers on strike action if the scheme was threatened, and ministers have not discounted the possibility of industrial action in the scheme ports.

Mr Nigel Lawson, the Chancellor of the Exchequer, was said by a ministerial colleague yesterday to be concerned that any prolonged action could provoke speculation against sterling, threatening a further rise in inflation and interest rates.

However, ministers believe it is unlikely the TGWU would be able to mount a strike to compare with the national stoppages of 1972 and 1975 which affected large parts of the economy. Dockers split during the last threatened national dock strike in 1984.

The TGWU said Mr John Comolly, its national docks official, would consult the union's National Docks Committee today.

Mr Ron Todd, the union's general secretary, said the union had a long standing policy to protect the scheme and prevent a return to unregulated, casualised employment in the docks.

The Government revealed its intentions in a White Paper (draft legislation) published yesterday which will be followed by the publication of a Bill today. This is expected to become law in July, when the abolition will take effect.

The White Paper blames the scheme for restrictive practices which it says have raised prices, cut output and reduced employment at the ports covered. The ports' ability to compete for a share of the expansion of trade likely to be created by the 1992 single European Community market programme would be seriously hit by the scheme's continuation, it argues.

The bill will abolish the joint employer/union National Dock Labour Board and its 20 local boards, which administer the scheme.

The announcement, made by Mr Norman Fowler, Employment Secretary, follows increasing pressure from Conservative backbenchers for the scheme's abolition. The abolitionists threatened to force the issue in the next session of parliament.

The move was described as an act of "wilful sabotage" by Mr Michael Meacher, Labour's employment spokesman. However, it is thought the Mr Neil Kinnock the Labour leader would be unhappy at the prospect of the TGWU, the party's largest and most controversial affiliate, launching a national strike during a crucial phase in the party's review of policy for the next general election. Ministers believe a strike would have little public support.

## Consumer group attacks barristers' campaign

By David Churchill

THE BARRISTERS' Council's campaign against the Government's plans to reform the legal system in England and Wales was sharply criticised yesterday by the Consumers' Association.

Its comments came on the eve of today's House of Lords debate on the discussion document outlining the reform plans.

It described the council's suggestion - made in a £300,000 advertising campaign - that the reforms would reduce consumer choice as "preposterous."

"The shake-up will smash one of the last great restrictive practices and, for the first time, give consumers - not their lawyers - the right to choose which legal service offers the best deal," the association says.

It also believed that legal services should be treated no differently from other services. "But at present they're fettered by constraints which restrict consumer choice."

## UN document row rekindled

By Tom Lynch

THE ROW over a United Nations document used on Tuesday by Mrs Margaret Thatcher, the Prime Minister, to support an attack on Swapo, the Namibian nationalist guerrilla movement, continued in the House of Commons yesterday.

She had cited a report from Mr Javier Perez de Cuellar, the UN Secretary General, to the UN Security Council, among documents justifying laying the blame on Swapo for the recent clashes with South African forces. South Africa has threatened to call off co-operation with the UN-supervised transition to Namibian independence.

She had told MPs the documents were "public knowledge" and available in the Commons library.

On Wednesday, Mr John Wakeham, the Leader of the House, apologised to the Commons, stating that Mrs Thatcher had been mistaken in her assertion that the documents were in the library, but that steps were being taken to place them there.

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## March record for car sales

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in the UK jumped by 5.7 per cent in March to 221,155, a record for the month, allaying earlier industry fears that demand would weaken this year after years of record sales.

In the first quarter new car sales were 7.9 per cent higher than a year ago at 631,202, and motor industry analysts have begun to revise upwards previous forecasts.

Mr Chris Avery, automotive analyst at Citicorp Scrimgeour Vickers, the stockbroker, said yesterday that it was now "very unlikely" that new car sales in 1989 would fall below last year's record level of 2.21m.

Company car purchases, which account for more than half of the UK car market, were not expected to weaken, and private car purchases would have to fall by more than 14 per cent in the remainder of the year, if the total market were to decline below last year's level, he said.

The share of imported cars, which helped fuel last year's record 86.1m motor industry trade deficit, remains high and accounted for 63.9 per cent of new car sales in the first quarter compared with 54.4 per cent a year ago. In March alone importers captured 54.74 per cent of the market compared with 64.99 per cent in March last year.

Rover Group, the subsidiary of British Aerospace, has suffered a sharp decline in market share in the first three months of the year to only 13.7 per cent from 15.4 per cent a year ago. Its sales volume has dropped

by 3.8 per cent to 86,661 in the first quarter to contrast to the jump of 7.9 per cent in the overall market, and it has slipped into third place behind Vauxhall, the UK subsidiary of General Motors of the US.

Ford, the dominant UK market leader, has been one of the main winners in the first quarter. It is recovering from its weak performance last year when production was hit by a two-week strike, and has increased its sales volume by 15.8 per cent in the first three months of the year to 174,782.

It will receive a fresh boost later this month with the official launch of its new generation Fiesta small car. Ford's market share in the first quarter jumped to 27.69 per cent from only 25.8 per cent a year ago.

## UK CAR REGISTRATIONS

	1988		1989		Year to date	
	March	%	March	%	1988	%
Total market	221155	100.00	209178	100.00	631202	100.00
UK produced	100,033	45.22	94199	45.01	261,806	44.81
Imports	121022	54.74	114979	54.99	369396	55.39
Ford	63330	28.73	49744	23.76	174782	27.69
Rover group	29809	13.48	32233	15.41	89991	13.73
Vauxhall/Opel	33078	14.96	32429	15.50	89591	14.08
Peugeot/Citroen	20289	9.19	19226	9.19	58238	9.40
Audi/VW/Bentley	12112	5.47	12255	5.86	47193	7.44
Wolseley	14500	6.56	11673	5.58	36247	5.74
Renault	8100	3.67	8888	4.23	22127	3.51
Volvo	6078	2.75	6008	2.87	22232	3.52
Fiat/Alfa/Lancia	7417	3.35	6565	3.14	21494	3.37

## Road repairs spending to rise sharply

By Andrew Taylor, Construction Correspondent

SPENDING on repairs to Britain's motorways and trunk roads is planned to rise by more than two thirds to £24m over the next 12 months the Transport Department announced yesterday.

Spending on bridge maintenance is to rise from £30m to £101m.

Last year £135m was spent on motorway and trunk road repairs instead of £177m as originally proposed. The shortfall was because of funds earmarked for repairs being switched to new construction work after increases in contractors' tender prices.

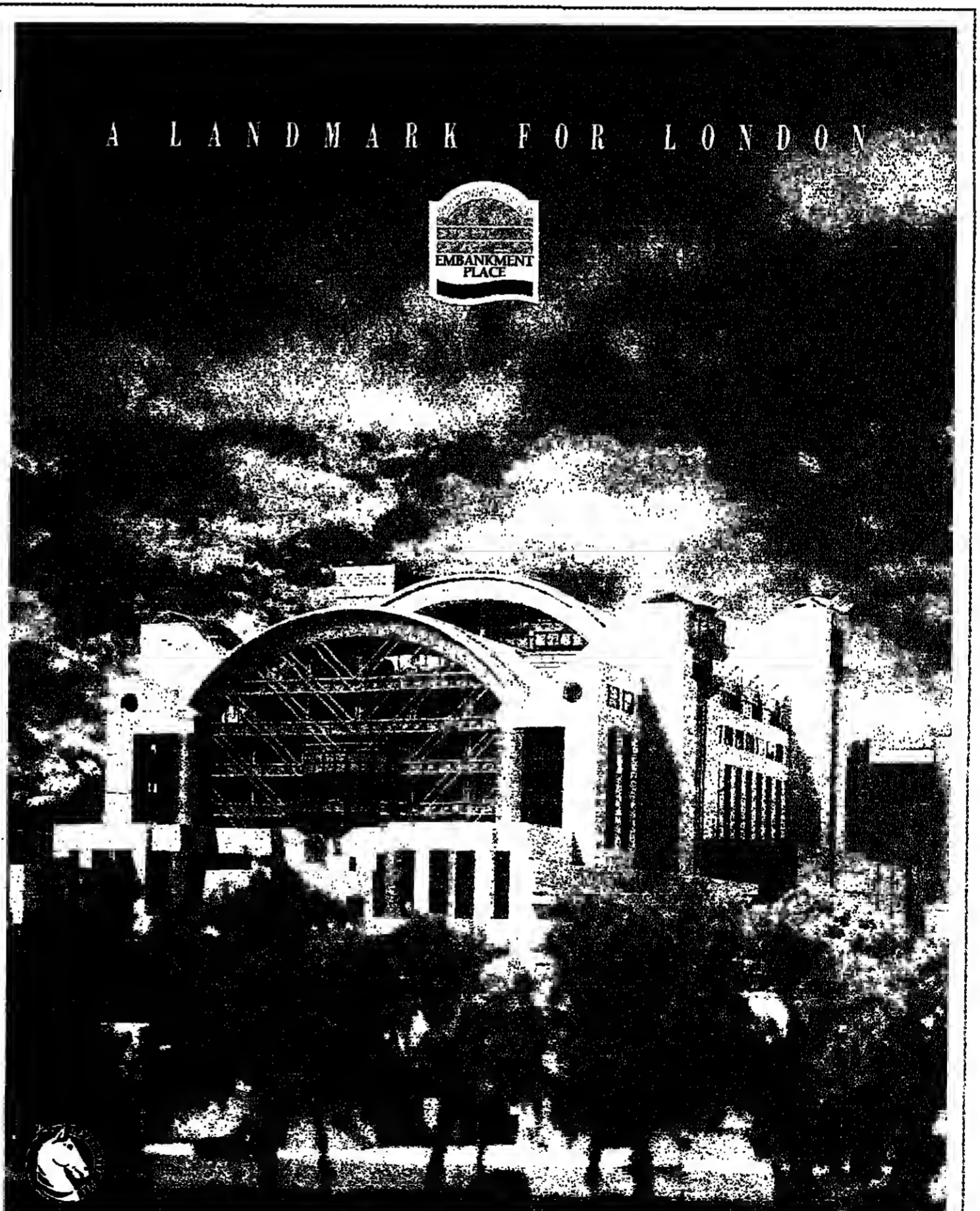
The transport department had originally proposed to spend £52m on bridge maintenance last year.

A transport department survey this week said the condition of roads in England and Wales, was worse than 12 years ago, despite a small improvement last year.

Civil engineering consultants in a report to the department have also warned about the deteriorating state of Britain's road bridges.

The department said increased spending on repairs reflected several major repair jobs in this year's programme as well as its determination to eliminate the roads maintenance backlog by 1992-93.

Mr Peter Bottomley minister for roads said the amount of work which could be done would depend upon contractors' prices. About 15 per cent of the maintenance budget would be held back until later in the year in case prices rose sharply.



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UK NEWS

# Thames agrees water deal with Portals

By John Ridding

THAMES WATER, the largest regional water authority, has agreed to purchase the loss-making water treatment business of Portals Holdings in what is believed to be the first purchase of assets of a listed company by one of the 10 water authorities.

Mr Mike Hoffman, Thames Water's chief executive, said that the move was a strategic step and reflected the authority's desire to expand its business base ahead of the privatisation of the regional water authorities.

The deal, which has a total possible cost of £3.9m, is conditional on a successful flotation.

Despite political problems in recent months concerning the privatisation process Mr Hoffman thought that Thames Water's listing would be

achieved on schedule.

In the meantime, Thames and Portals' water treatment division will co-operate in the marketing of their products, services and technology.

The business being purchased, which does not include Houseman, supplier of water treatment chemicals, comprises 13 companies operating around the world.

Its activities include design contracting for the drinking and industrial water treatment markets and the design and supply of products such as softeners and chlorinators.

In the year to 1988, Portals' water unit, excluding Houseman, made losses of £1.1m. This was largely the result of £2m losses at its Permunit subsidiary in Australia. The division returned to profit in the second half.

# Credit industry warned over tone of advertising

By David Barchard

THE CONSUMER CREDIT industry yesterday received a warning from Mr Peter Lilley, Economic Secretary to the Treasury, about its advertising practices.

"If the credit industry is concerned about its public image it should reflect the prudence of its practice in the tone of its marketing," said Mr Lilley, speaking to a meeting of the Finance Houses Association.

Mr Lilley said that although credit companies had a vested interest in being responsible lenders, this was not always the public perception of them.

"The industry has only some of its own members to blame," Mr Lilley said. "Their advertising material, or some of it, conveys the impression that limitless sums are being pressed on all and sundry."

He said that it was under-

standable for people to be alarmed when they received unsolicited mail of this kind from the institution holding their savings.

However, Mr Lilley said that problems with consumer debt should be kept in perspective. Consumer credit was only just over 15 per cent of total household debt and credit card purchases were less than 6 per cent of total retail spending.

He said that the Government supported the use of credit reference agencies and that lenders had a duty to check out the creditworthiness of borrowers.

Checks on creditworthiness were the main reason that bad debts and arrears were falling, and most debt arrears were now caused by unforeseeable personal difficulties such as divorce, job loss and sickness.

# Delay in rail crash response prompts inquiry

By Kevin Brown, Transport Correspondent

BRITISH Rail launched an internal inquiry last night after admitting that staff failed to alert emergency services for nearly 20 minutes after a train was derailed in south-west London.

The accident happened when the first three coaches of the 10.36am train from London's Waterloo station to Southampton on the south coast was derailed at 10.52 at a junction near Wimbledon.

The ambulance service said that it was unaware of the accident until 11.14am when it was alerted by calls from jour-

nalists. The Fire Brigade said it was asked to attend the scene at 11.26am, but only after it had reached British rail after press inquiries.

BR said none of the 100 passengers on board the train was injured when it was derailed after crossing a faulty junction at low speed.

"It would appear there was a delay in calling the emergency services. The staff on site were aware that no injuries were involved, but the emergency services should have been called," the corporation said.

The Ambulance Service said

it implemented its major accident plan as soon as it learnt of the accident, and a number of ambulances and supporting officers were despatched to the scene.

"The accident could have shaken people up, thrown them across the carriage - whiplash injury is very common in rail accidents," an ambulance official said.

"I understand people went to Wimbledon BR station and were treated by staff. By the time we got there many had dispersed. They could have suffered the shock, and our advice if

people start feeling its effects later today or tomorrow is to see their GP."

The ambulance service said it had written to Sir Robert Reid, chairman of BR, asking for an explanation of "the catastrophe that could have been."

BR said the junction was under manual control from a signal box because of technical work being carried out on the automatic signalling system in the area.

The accident would probably not have happened if the automated signalling system had

been working because it would have identified the faulty component in the junction which caused the derailment, BR said.

The accident occurred while two separate public inquiries were sitting in London into rail crashes at Clapham in south London, where 34 people were killed, and at Purley, also in south London, where five died.

The Purley inquiry was told that BR hopes to introduce aircraft-style "black box" recorders in 1991 to help identify the causes of future accidents.

# Homebuyers 'severely hit by loan rates rise'

By Ralph Atkins, Economics Staff

AN AVERAGE British family which has bought a property recently would have needed an income rise of nearly 20 per cent in the last 12 months to maintain a constant standard of living, according to a report today.

The survey, by The Reward Group, the pay and cost of living advice company, highlights the impact of the steep rise in mortgage rates since last summer. Sharp rises in house prices last year have also pushed costs higher, it says.

If housing costs are excluded, prices of goods and services are shown as rising by 5.5 per cent in the past 12 months, roughly in line with estimates by Mr Nigel Lawson, the Chancellor of the Exchequer, in his budget speech last month.

However, housing costs for private owners buying new houses have risen by 62.5 per cent in the last 12 months and 93.1 per cent in the last six months. For tenants of properties owned by local councils, the average increase in the last 12 months was only 6.7 per cent.

This means that for households which bought houses, incomes have needed to rise 19.1 per cent in the last 12 months to maintain living standards.

Latest figures published by the Department of Employment showed that average earnings were rising at an underlying annual rate of 9 per cent in January.

The survey shows that the biggest increases in incomes needed to maintain living standards were in the east: Midlands and East Angles, followed by the South West.

The smallest increases were needed in Northern Ireland, Scotland and northern England.

UK Regional cost of living report. The Reward Group, Reward House, Diamond Way, Stone Business Park, Stone, Staffordshire ST15 0SD.

# Statistics shake-up raises City concern

By Simon Holberton, Economics Staff

LEADING City of London economists yesterday voiced concern over the independence of the Central Statistical Office when it is transferred to the Treasury from the Cabinet Office.

Mr Richard Jeffrey, economist at Hoare Govett Security Pacific, said: "Politicians being politicians will want to use statistics for political ends and the door is now open for that to happen."

Mr Stephen Bell, economist at Morgan Grenfell, said, however: "I think the concern about political manipulation of economic figures is overdone."

Mr Bell, a former Treasury official, said that when he worked at the Treasury monthly money supply figures were politically sensitive and could often lead to rises in interest rates.

There was, however, no hint that Treasury ministers would have ever sought to manipulate those figures. He said that if such an operation occurred and it became public then the political consequences would be extremely damaging for the Government of the day.

Mr Jack Hibbert, CSO director, said the document setting out the aims and responsibilities of the CSO as an executive agency should provide a statement of its independence.

In July the CSO will merge with the Trade Department's Business Statistics Office and take responsibility for the trade figures, the retail prices index, and other data.

# UK set for hard landing says P & D

By Ralph Atkins, Economics Staff

THE UK economy is heading for a "hard landing" with sluggish growth and persistent inflation, says a report today by UBS Phillips & Drew, the securities house.

Britain is "drifting into a period of stagflation," the report says. The economy is expected to grow by only 1.4 per cent in 1990 while inflation gets stuck at 6 per cent.

Its forecast is among the first from London analysts to explicitly counter Treasury predictions of a soft-landing for the economy with moderate growth and falling inflation.

Mr Bill Martin, chief UK economist at Phillips & Drew, says that since the Second World War, periods of strong growth, such as between 1987 and 1988, have been followed by long periods of sluggish growth.

He says: "Despite Britain's supply-side improvements, there is no compelling reason why the economy should escape the stop-go syndrome this time around."

The report says the large current account deficit will constrain growth. Cutting the deficit to a more reasonable size will require several years of weak domestic demand growth.

# Armaments group cuts more jobs

By David White, Defence Correspondent

ROYAL ORDNANCE, the armaments business sold by the Government to British Aerospace two years ago, is to cut a further 250 jobs under plans announced yesterday for reorganising its rocket motors division.

The cut will affect more than half the company's workforce at Westcott, near Aylesbury, north west of London. However, Royal Ordnance said 80 jobs would be created at its other rocket motor site at Summerfield, near Kidderminster, in the West Midlands, where parts of the Westcott plant's activities are being transferred.

The company at present employs 440 people at Westcott and 550 at Summerfield.

Mr Jack Dromey, national secretary of the Transport and General Workers' Union, said he was relieved that Westcott was not being closed. But he expressed concern about the plant's future viability. "This could be a step on the way to closure," he said.

Unlike earlier rationalisation moves in other divisions, the plans do not involve the sale of real estate. Closures at Enfield in north London, Waltham Abbey in Essex and Patrioat near Manchester, with a combined workforce of 3,200, have

fuelled allegations of asset-stripping by the British Aerospace group.

The National Audit Office is preparing a report on the £190m sale of Royal Ordnance.

The rocket motor reorganisation keeps both sites but splits their sphere of operation, with Summerfield taking responsibility for solid propellant motors, including research and Westcott for liquid fuel motors.

Some activities are to be moved to Summerfield from the research and development centre at Waltham Abbey, scheduled for closure this year with the loss of 800 jobs.

The company said its plan took into account a squeeze on research funding from the Ministry of Defence. It declined to comment on the cost of the reorganisation, but said the new structure would "facilitate future investment."

It would implement the plan, and it would try to offer alternative jobs at other sites.

The cuts are the first since Royal Ordnance announced a concentration of ammunition production six months ago.

Last month, it was considering a revivie for 400 of the 1,100 jobs at its Bishopcleece ammunition and propellant factory near Glasgow.

# Faded star of UK electronics works on rescue formula

James Buxton examines management efforts to find a recovery path for Rodime, the ailing maker of computer disk drives which finds itself in trouble after years of rapid growth

LONDON but gives its results in dollars.)

By early last year Rodime was hoping that it had put its difficulties behind it - difficulties which had included heavy stock write-offs, contributing to an after-tax loss of \$14.5m in 1987. Its new product range was coming into production and being accepted by big customers.

However, in reality Rodime was confronting what proved to be a very difficult market for all disk drive makers and with its production systems still inadequate.

It had to continue expanding its Singapore operation, at a time when oversupply in the market enabled its customers to beat down prices so that Rodime was having to agree to long-term prices that could only be economic with high volumes - before it could produce the high volumes. As pressure on margins mounted Rodime had to write down the value of its stock by \$9.2m. The year to September 30 1988 ended with a loss of \$24m on sales that were up only 3 per cent at \$115.6m.

Mr Jerry Atterbury, of the California analyst Dataquest, says: "The whole industry had a tough time in 1988 because of overcapacity. In the volume end of the market competitors expected to sell \$17bn worth of product but in reality sold only \$14bn. The rest went into inventory." Leaders of the US-dominated industry such as Seagate and Miniscribe plunged into loss.

Although Rodime's sales continued to rise in the last quarter of calendar 1988 the company was still selling below cost and lost \$2.5m. In the early part of this year the crisis built up production was held up because of component shortages, which Rodime admits were partly due to suppliers withholding supplies pending assurance as to payment.

Having failed to put together a long-heralded \$20m financial package the company's short-term borrowings soared to \$23.5m in late February as it reached the limit of its overdraft facility with the Bank of Scotland.

Last week Rodime, having

postponed reporting its 1988 results to last week's deadline, put out a starkly depressing statement on its situation, in the detail required by the US (but not the British) regulatory authorities.

This week Dr Len Brownlow, chairman, and Mr Mervyn Brown, managing director, resigned. The board appointed two senior figures from the US data processing industry: Mr Tom Kamp a former vice president of Control Data, has become chairman, and the British-born Mr Peter Bailey, also once with Control Data and a leading figure in the US venture capital industry, has become managing director.

The Bank of Scotland has given Rodime valuable breathing space by temporarily increasing Rodime's overdraft and has brought in Noble Grossart to assess the financial position. The fact that the rescue attempt is in the cue Edinburgh-based is partly the result of Bank of Scotland's crucial role as lender, and partly because Rodime is still a Scottish-based company. In spite of its far-flung operations and the fact that marketing is run from Florida, Glenrothes remains the company's engineering centre.

"Every scenario being considered for the future of the company envisages Glenrothes remaining the technical centre," said a company official yesterday. "This is where the company's brainpower is."

However, neither the company nor its advisers wish to say much now about how they see Rodime emerging from its crisis. "We're looking at all the options for the company," says Mr Angus Grossart of Noble Grossart, which prides itself on only employing 20 people.

At Dataquest, Mr Atterbury says: "The rest of the disk drive industry is pulling out of the trough, though it will take until the second or third quarter till most companies get back to stable operation." As for Rodime, he says: "We'd expected them to start turning the excellent range of products they announced in November. They're a very innovative company."

There is one other important factor. Although Rodime has some potentially serious lawsuits against it, it also has claims against leading manufacturers, including IBM, for alleged infringement of its patents on its 3 1/2 inch disk drive. Late last year the US Patent Office, after re-examining its patents, reassigned them, prompting Rodime to allege infringements by about 20 companies. If those suits succeed, Rodime may be worth more than the \$4.6m at which it is currently capitalised.

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FT LAW REPORTS

Bank fails on damages claim for war zone loss

**BANK OF NOVA SCOTIA v HELLENIC MUTUAL WAR RISK ASSOCIATES LTD**  
 Court of Appeal (Lord Justice May, Lord Justice Ralph Gibson and Lord Justice Bingham); March 22 1989

THE INSURERS of a mortgaged vessel who contract with the lender to insure it if cover ceases, are not obliged to tell him that the vessel sailed into a prohibited area in breach of warranty under the insurance contract, until they have decided whether to exercise their right, arising from such breach, to reject the shipowner's claim for constructive total loss. And knowledge of possible fraud by the shipowner does not in itself impose on the insurers a contractually implied duty or duty to inform the lender, if their obligation is confined by the contract and circumstances to giving notice that cover has ceased.

The Court of Appeal so held when allowing an appeal by the defendant mutual insurance club, the Hellenic Mutual War Risk Association Ltd, from Mr Justice Hobhouse's decision that it was liable for \$2.6m damages for breach of contract to the plaintiff bank, the Bank of Nova Scotia.

LORD JUSTICE MAY, giving the judgment of the court, said that the club provided mutual war risk insurance to Greek

shipowners. It insured various vessels of the Good Faith group.

The Nova Scotia bank financed the group's acquisition of a number of vessels, in particular the Good Luck. The insurance provided by the club was governed by its Rules. Rule 20 provided that the club had power to specify places as "additional premium areas".

If an insured ship failed to give prompt notice of entry to an additional premium area, the club was entitled to reject claims arising while it was in the area. Rule 25 provided that the club could impose prohibitions as to routes, and that every insurance should be deemed to contain a warranty by the shipowner that all such prohibitions would be acted on.

Under the loan agreements with the bank the primary security was a mortgage of the vessel, but the shipowner was left in possession as long as it did not default. It undertook to insure them at its own expense for an appropriate value against stipulated risks, which included war risks.

The documentation provided that the shipowner should not do anything which might lead to suspension of insurance and, particularly, should not permit the vessel to enter a war zone without prior notification to the insurers and the bank, and payment of additional premium.

The bank also took out mortgage interest insurance. In

addition a letter of undertaking was given by the club to the bank. It was not a gratuitous accommodation of the bank by the club but was issued as a matter of business, ultimately in the club's own commercial interests. By this letter the club undertook to advise the bank promptly if it ceased to insure Good Luck. It was to pay any loss exceeding \$30,000 to the bank.

In April 1982 the shipowner started to re-negotiate its bank loans. On April 7 1982 Good Luck proceeded to Bandau Khomeini, a prohibited war zone, and on June 6 was hit by Iraqi missiles. She was badly damaged and ultimately declared a constructive total loss.

The shipowner had not informed the club or the bank on June 6. It purported to send a telex to the club on Friday June 4, saying that the vessel had entered an additional premium area, and asking for cover accordingly.

In fact the telex was sent on the evening of June 6. Mr Justice Hobhouse held the shipowner had sent it fraudulently after it knew of the casualty. The club's agents were aware from the outset of the probability of fraud, at least with reference to the telex. They knew that because the vessel was in a prohibited zone the club would not be legally liable to meet the claim. They knew the shipowner

would leave the bank in ignorance as to the state of the insurance.

Although the bank was in the process of negotiating the refinancing agreement with the shipowner, and became aware of the casualty, it did no more than cursorily investigate the position of the war risk cover.

The club agents told it they had received notice of claim from the shipowner which they were investigating in the usual way. The clear implication was that the claim was routine, only requiring checking before being accepted and paid, whereas the truth, as the agents well knew, was very different.

Against that background, the bank completed the refinancing agreement with the shipowner on July 9. In addition to rolling over existing loans, it permitted \$2.6m to be drawn down for working capital. If one removed Good Luck from the available security no draw down for working capital would have been made.

On July 19 the shipowner, having given notice of abandonment to the club, confirmed the claim for constructive total loss. On August 4 the club rejected the claim on the ground that the ship was in a prohibited area, and was in an additional premium area without notification. On August 5 the club agents teleaxed the bank that the club would not pay any claims arising out of

the incident.

Litigation ensued. Mr Justice Hobhouse held that had the bank been told by the agents that at the time of the casualty the vessel was in a prohibited area and was not covered for war risks, the question of including Good Luck in the security would have been handled differently.

The judge held that the club was in breach of its letter of undertaking. He rejected a claim based on duty of utmost good faith. He gave judgment for the bank against the club for \$2.6m. The club appealed.

The first question was whether the club broke its contract with the bank, expressed in the letter of undertaking. Until the decision to accept the claim had been ruled out by the club, it had not ceased to insure Good Luck. The effect of the shipowner's breach of warranty was the same as in the case of breach of express terms of the letter of undertaking.

The judge concluded that a duty to speak on the part of the club arose by implied contractual term, and in tort. He held it was an implied requirement of the contract that, if the club knew the owner was dishonestly jeopardising the

insurance cover in fraud of the bank, or at least in breach of obligations without the bank's concurrence, it must tell. He said the implication was necessary in order not to render the contract valueless.

It had never been suggested that the club was party to the fraud or induced breach of contract by the owner. The law imposed no duty on a person to report fraudulent conduct to the victims merely because he had knowledge of it.

The club on making the contract with the bank remained free to prefer its own commercial advantage to that of anybody else. It was entitled not to offend the shipowner by terminating the insurance and notifying the bank, or giving notice to the bank without termination. It was immoral if a party to a commercial arrangement was willing, for his own advantage, to keep silent about such conduct. But immorality of conduct did not by itself provide a basis for implying a contractual term.

The necessity perceived by Mr Justice Hobhouse lay in his view that, without such a term, the relationship between the club and the bank would be destroyed and the contract contained in the letter of undertaking would become potentially valueless.

That was not correct. The club was to hold the benefit of the insurance to the bank's order and to inform the bank if the club ceased to

insure. Save to the extent expressly stated in the letter of undertaking, the relationship between club and bank did not - unless some term was implied - require the club to pass on any information about the owners' conduct.

The relationship between club and bank, so far as concerned legal obligation, functioned according to its terms. To imply the term proposed would make a new and different relationship.

As to whether there was a duty of care in tort, the law did not impose, by reason merely of knowledge of the existence of fraudulent conduct, a duty on any person to inform the victim of a current fraud so as to be liable in damages for failure to inform.

It was not unjust for the bank to be restricted to its contractual rights against the club. The club was under no duty to speak in the circumstances of the case, either under any express or implied term of the letter of undertaking, or by any duty of utmost good faith in its relations with the bank.

The appeal was allowed.

For the club: Christopher Carr QC, John Gilman and Alon Griffiths (Holman Fenwick & Willan)  
 For the bank: Jonathan Mance QC, Julian Flaux and Stephen Kenny (Constant & Constant)  
 Rachel Davies  
 Barrister

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We depend very largely upon donations and legacies from people like you, so please consider using some of your "Will Power" to help us. Our FREE fully explanatory booklet, available on request, will tell you how.

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**PARINTER BOND FUND S.A.**  
 Société Anonyme  
 R.C. Luxembourg B 8842  
 NOTICE OF MEETING

Notice is hereby given that the twelfth Annual General Meeting of PARINTER BOND FUND S.A. will be held at the Registered Office in Luxembourg, 10A, Boulevard Royal, on

Tuesday, 26th April 1989 at 11.00 a.m.

for the purpose of considering the following Agenda:

- To receive and adopt the Interim Report of the Directors for the year ended 31st December 1988.
- To receive and adopt the Report of the Statutory Auditor for year ended 31st December 1988.
- To receive and adopt the Annual Accounts for the year ended 31st December 1988.
- To approve payment of Directors' Fees.
- To grant discharge to the Directors and Statutory Auditor in respect of the execution of their duties in 1988.
- To appoint the Directors and the Auditor for the next term of one year.
- To appoint new shares.

The Board of Directors of Parinter Bond Fund S.A. held on 20th January 1989 proposed, subject to the approval of the General Meeting, to propose with the addition of new shares in the proportion of one new share for every 10 shares held.

- To ratify the resignation of Mr. J. P. F. as a Director of the Company and to appoint Mr. J. P. F. as a Director of the Company in place of Mr. J. P. F.
- To transact any other business.

The resolutions which are to be considered by a majority of three persons or representatives, the shares of which are held by the members, are entitled to vote or give proxies. Proxies should arrive at the Registered Office of the Company not less than twenty-four hours before the Meeting.

By order of the Board of Directors  
 J. P. F.  
 Secretary

**YAMAICHLADVANCED**  
 Technology Fund  
 Société Anonyme  
 R.C. Luxembourg B 21 960  
 NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of shareholders will be held at the registered office at 10A, Boulevard Royal, Luxembourg, on

Wednesday, 26th April 1989 at 11.00 a.m.

In order to receive about the following:

Amendment of the articles of incorporation to change the status of the Corporation into a public limited liability company and consequent amendments to articles 1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14, 20, 21, deletion of article 22 and amendment of the remaining articles, amendments to the memorandum articles 22, 23, 24, 25 and 29 of the articles. Such changes shall comprise the provisions required or permitted by the law of 23 March 1981 on collective investment undertakings and certain amendments to the company law.

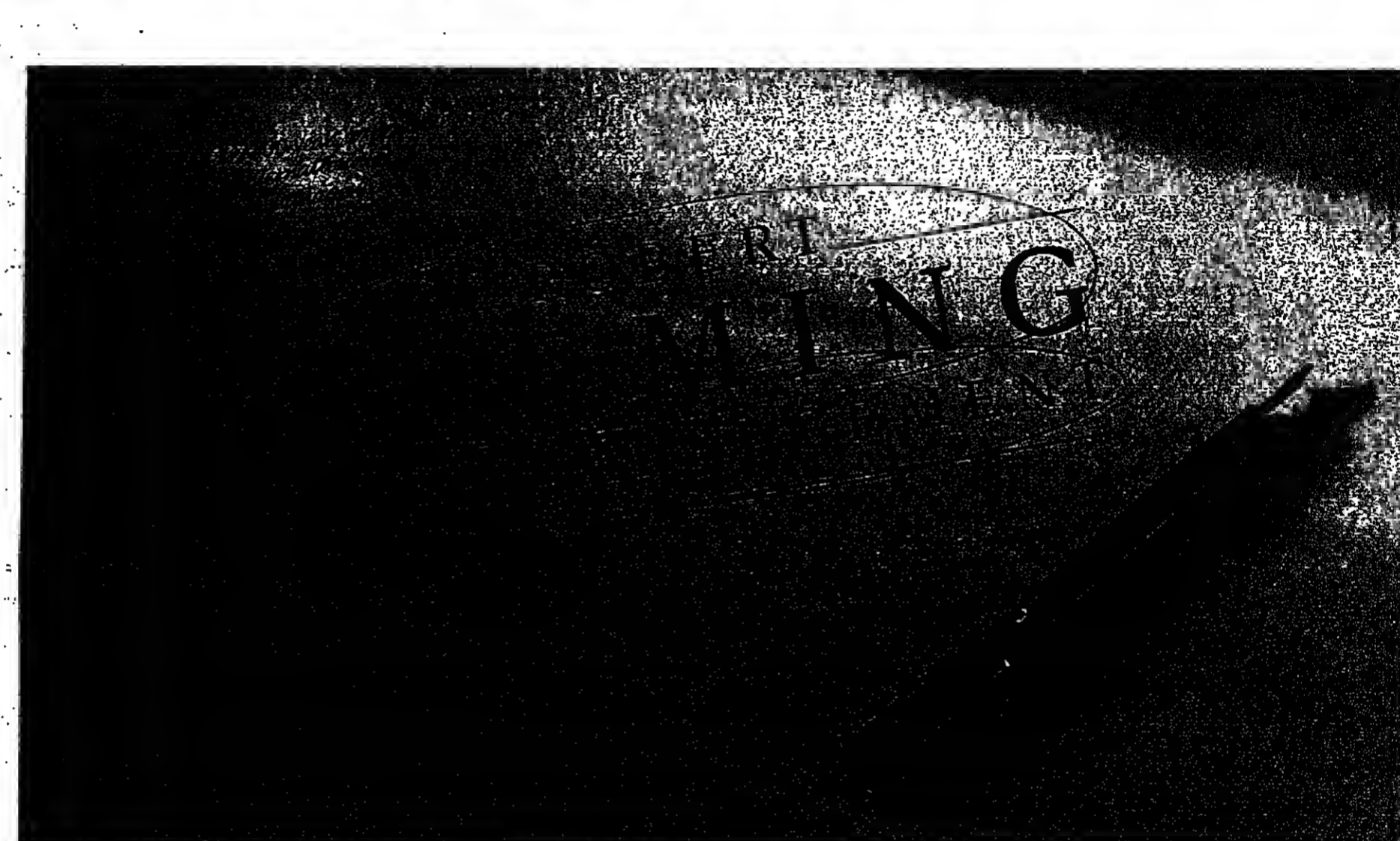
Purpose of the object of the Corporation is accepted as follows:

"The exclusive object of the Corporation is to place the funds available to it in investible securities or other assets with the purpose of generating investment risks and affording its shareholders the results of the management of its portfolio.

The Corporation may take any measures and carry out any operation which it may deem useful in the attainment of its object and for the purpose of the fulfilment of its object, subject to the approval of the shareholders by a majority of two-thirds of the shares present or represented at each meeting.

Proxy forms containing the detailed changes to the articles are available upon request at the registered office. In order to be valid, proxy forms duly completed must be received at the registered office on April 25, 1989 at 11.00 a.m. at the latest.

Board of Directors



Robert Fleming Asset Management offers a comprehensive service to the institutional investor.

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And in the 1980's, we have continued to develop our interests in Continental Europe and to strengthen our position in the United States, offering international investors the opportunity to invest in smaller companies in the USA.

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the application of quantitative techniques, including indexation and the use of options and futures to complement active management.

It is not surprising, therefore, that we are a powerful and authoritative force in the fiercely competitive field of international asset management.

Our range of specialist investment skills is comprehensive, but how they are used depends on the needs of each client.

Following careful consideration and discussion, we implement an investment strategy to match each objective, developing new products and services to meet the challenge of changing demands.

If you would like more information about Robert Fleming Asset Management Limited, please call Nick Holliday on 01-638 5858.

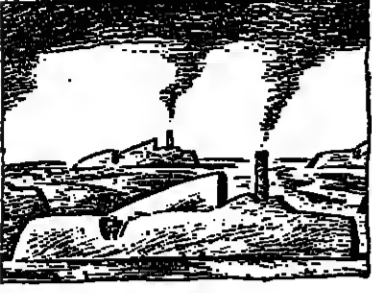
He'll be happy to tell you exactly how we've made a name for ourselves.

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## TECHNOLOGY

Concluding a series on industry's response to environmental worries, Robert Taylor reports on the business opportunities created by Sweden's ecology-conscious consumers



## Fertile territory for the rise of 'green' capitalism

Sweden has moved rapidly to the forefront of the green revolution which is sweeping through much of the western industrialised world.

Under the relentless pressure of an environmentally conscious public, the country's employers are being forced to take the pollution they create very seriously. There is a genuinely bipartisan attitude to environmental issues in Swedish politics, where the regulation and prohibition of dangerous substances and emissions enjoy wide support.

Opinion polls in Sweden have shown that for more than a year the environment has headed the list of public anxieties. Such sensitivity is not surprising in a country where half the population owns country cottages and nearly a quarter has boats. In 1988, deaths of seals around Sweden and the spread of choking algae in the waters off the country's west coast ensured that the environment became a big political issue in the autumn general election.

As a result, the Green party made a breakthrough and entered Parliament for the first time. This is likely to ensure that the national debate about the environment grows even more intense. Pressure groups, such as Greenpeace and the Svenska Naturskyddsförbundet (National Society for the Conservation of Nature), have been able to take the initiative in public campaigns to bring home the dire consequences of pollution.

For many Swedish companies, anxiety over pollution has meant rising production costs as they seek to comply with new legal constraints, as well as a mounting concern that they might fail to compete effectively in world markets against rivals making products in countries which are not so environmentally conscious. At the moment, there is widespread alarm in Swedish industry about the consequences of the planned closure of the country's nuclear power plants from 1993.

But all is not gloom for the companies. Indeed, Sweden is rapidly turning into one of the world's best examples of green capitalism. More and more employers have begun to realise that they can make a virtue of neces-

sity, that there is an affluent and discriminating consumer market to Sweden in the mood to buy what are described as "environmentally friendly" products.

"It is only in the past couple of years that attitudes have really started to change in industry," says Anders Wijkman, who runs the pressure group Naturskyddsförbundet.

Lars Larsson, who heads the environment department at the Federation of Swedish Industries agrees: "Suddenly the environment has come into the market-place. We have regarded pollution in industry as a big issue since the end of the 1960s, but it is only now that people are reacting as consumers."

This trend has been accelerated by the lobbying of Wijkman's pressure group. Last year it published a consumers' guide to environmentally friendly products. The organisation has also had success in urging retail and wholesale chains to purchase and promote such goods. The ICA group, for example, has been especially active in its shops in selling green consumer items.

Now stores across the country are beginning to stock products designed to satisfy the demands of the green consumer. The widening range includes tinned pork without hormones, natural water without aluminium, batteries without mercury, and safer washing-up liquids, detergents, paints, cleansers and cosmetics.

Some of the most noticeable advances in environmentally friendly products have been made by Sweden's bigger companies with huge export markets.

Take Electrolux, for example. This winter the company has managed to remove half of the CFC content from the insulation in its freezers and refrigerators, through an investment of SKR 50m (€4.5m). "This is only our first step," says Lennart Sundin, a company spokesman. "We aim to remove all the Freon (a CFC) from their manufacture."

Electrolux has also taken steps to ensure that its range of dishwashers and washing machines use less water and detergent. "We have to respond to the changing demand and take a longer perspective," says Sundin.

Volvo, Sweden's biggest company, is taking a similar view. In January, Pehr Gyllenhammar, the chief executive, called a two-day conference of the company's senior management to discuss its attitude to pollution.

As Sigge Hergren, head of Volvo's environmental division, points out, the company pioneered the use of catalytic converters in its cars in the North American market as long ago as the mid-1970s when Americans started to use lead-free petrol; it is only in the past two years that its cars for the Swedish market have been similarly produced.

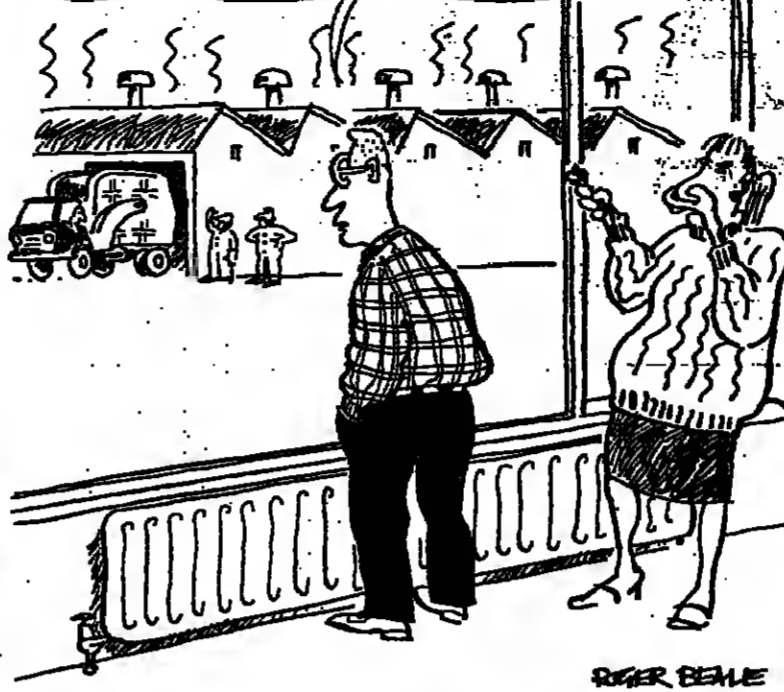
By the early 1990s, Volvo intends to get rid of CFCs in the plastics and cooling systems of its cars in line with government legislation. The company also plans to introduce particle filters into its buses and trucks, which should reduce the health risks caused by hydrocarbon and nitric oxide emissions. Above all, as Gyllenhammar emphasises, it will be good for Volvo's reputation if it is seen to be taking the environment seriously.

But perhaps the most successful growth in environmentally friendly products has come in the paper and pulp industry, which has diversified into a wide range of consumer goods with obvious export potential. These items include coffee filters, bleach-free nappies, toilet paper, food packaging and handkerchiefs. It is virtually impossible to miss the industry's seal of environmental approval now stamped on many paper products in Sweden's shops.

However, as Nils Jirvall, head of the environmental department at the Swedish Pulp and Paper Association, admits, "our industry was forced into change by our customers last year." That was when the environmental pressure groups concentrated their attack on the vulnerable pulp industry and in particular on its use of chlorine in the bleaching process. Traces of dangerous dioxins were also found in factory discharges, adding to the controversy.

The resulting agitation proved to be highly effective. Consumer opinion was mobilised behind the campaign to compel the pulp companies to take action. What helped was the discovery of a chlorine and dioxin-free tech-

PM AS ENVIRONMENTALLY CONSCIOUS AS THE NEXT SWEDER BUT I THINK RECYCLING NAPPIES IS GOING TOO FAR



nique for producing pulp, pioneered by Svenska Cellulosa (SCA) and Nymolla, part of the Stora group. This was publicised by the green groups, and the huge, consumer-conscious public sector responded. Local government and health authorities began to bulk buy the new product and other companies have had to follow suit.

Over the next three years, the Swedish paper and pulp industry plans to invest up to SKR 4bn at the country's 15 bleached pulp mills to reduce chlorine emissions. These have already fallen from 8 kg per tonne of pulp to 3 kg, and the industry hopes to limit the figure to 1.5 kg by 1991.

But the pulp and paper industry in Sweden cannot afford to move out of line with what its overseas customers want. After all, it provided 45.5 per cent of the country's net export income, totalling SKR 54bn, last year. At the moment, it is having to produce an increasing number of bleach-free paper products for the home market, but bleached pulp and paper for overseas consumption.

However, the spread of the bleach-free nappy in the West over the past year suggests that Swedish companies, including SCA, Stora and Modö, may benefit from being pioneers of pollution-free products.

"We have the chance to take the initiative in industry," says Lars Larsson at the Federation of Swedish Industries. The organisation has

launched a programme to convince its diverse range of company members that they should move into green production. But he hopes that the politicians will not interfere. "They say Sweden should be a good example to the rest of the world, but ecology must go hand in hand with what is economically sensible."

In fact, there looks like being a compromise, which should help to reconcile the country's employers with the green lobby. At the end of last year an all-party parliamentary inquiry recommended the creation of an independent voluntary agency made up of industry, unions, consumers and green groups. It will aim to establish recognised standards of environmental approval for products. This seal of approval will be displayed prominently on goods.

But if the pressures for environmentally friendly products threaten to hurt the country's economic prospects, especially in foreign markets, there may well be a limit to how far Swedish industry will go in its response.

For the time being, however, the business opportunities for green capitalism in Sweden suggest that technological change can be harnessed for the benefit of both the environment and the consumer.

Previous articles in the series appeared on March 6, 9, 10, 15, 17, 22 and 30.

## Systems that help executives make informed decisions

Software, designed for senior executives is an exclusive but rapidly growing segment of the computer market. Although worldwide sales of such software packages totalled only \$30m four years ago, by 1992 the market is likely to grow to \$230m, according to International Data Corporation, a market research organisation based in the US.

So far the highest demand for such packages has been in the US, where software to support executive decision making is used by companies as diverse as AT&T, Holiday Inns and Coca-Cola. However, executives in European corporations, such as Bofa, Royce & Co, have started to try them out.

Executive software is expensive, costing anything from \$65,000 to £200,000. However, Mark Wood of Execucom, based in Austin, Texas, believes that instant information is vital if executives are to make informed decisions. "In the past, if you had no time to get the work done then you hired more staff. With today's trends that is not the case. There are more demands on an executive's time. And management is becoming far more complex," he says.

Executive support packages work by extracting information from both the company's mainframe computer system - such as sales and profit figures, budgets and forecasts - and from external sources, for instance share price movements.

Susan McKeever, marketing executive with Thorn EMI Computer Software, the European distributor of the FCS-Plot package developed by Pilot, of Boston in the US, says that up to 80 per cent of the information needed by executives comes from external sources.

With a package like FCS-Plot, the software can be programmed to display information at regular intervals - share price changes every half hour, for example.

The software is customised for each executive so that the information is displayed and ordered in the way in which he or she wants it. This means that when a problem area is spotted, the executive can

focus on that topic and get further data in the sequence and format in which he would deal with it manually.

Tailoring the software package to each executive's way of working accounts for about half the cost of installing an executive support system.

Some of the packages are expert systems, which means that they follow a more sophisticated pattern. For example, if the executive asks for profit figures, the software will first retrieve the statistics for the group as a whole and then search for any problem divisions. The software that does this for Execucom's Executive Edge package was developed at Carnegie Mellon University in the US.

Companies marketing executive support software believe that the cost can easily be justified because the systems do more than just deliver manageable information. "The executive gets information which puts him on top of the situation instantly," says Richard Tuttle, director of marketing communications for Execucom.

The ability of the executive to do his own homework rapidly can reverberate through the management structure. "When something goes wrong, middle managers usually like to have time to prepare their case before they have to face the executive," says Tuttle.

The executive systems use sophisticated graphics which display the data in a variety of formats, such as graphs or pie charts, and most systems are designed so that the senior executive does not have to use a keyboard. "People who think executives are going to use a keyboard are living in cloud cuckoo land," says McKeever.

Instead the most commonly used executive systems have hardware which has a touch screen or is operated by a "mouse". Some systems can be operated using a remote control device.

"The software is also designed so that it is easy to use. Tuttle says that Executive Edge, for example, takes only 30 minutes to master.

"All our research says that executives just won't tolerate a day of training," he adds.

Della Bradshaw

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MANAGEMENT

Lyonnaise des Eaux

# Why a French supplier is bubbling with enthusiasm for British water

Paul Betts examines the 'clear and ambitious' strategy behind the biggest Continental investment in the UK industry



Jérôme Monod: "When he heard we had launched a full bid, the chairman of Générale des Eaux said we had an incredible nerve"

A year ago, Jérôme Monod embarked on his British campaign. "I was feeling really good," says the chairman of Générale des Eaux, the large French private water distribution group. "I had just taken part in the bidding for Société Générale de Belgique. We were the first to buy 300,000 SGB shares to give the impetus to the other members of the camp led by Suez, our leading shareholder. I felt in a take-over mood, in great shape and ready to buy a water company in the UK."

Monod had had his eye on the UK water industry for some years. And when he decided to make his move his strategy was to launch a full public bid for the Bristol Water Company, the biggest statutory water company in the UK. His approach was unlike that of his two French rivals - in France private water companies have long competed with one another for permits from local authorities - the much larger Compagnie Générale des Eaux, and Saur, the water group controlled by Bouygues, the giant construction company. At the time they felt that a cautious approach was more likely to succeed in the UK rather than a more politically risky all-out bid.

"When he heard we had launched a full bid, the chairman of Générale des Eaux said we had an incredible nerve," recalls Monod. Martin Bouygues, then the deputy chairman of Bouygues and now head of Saur, was also deeply irritated. "Lyonnaise sent prices of British water companies rocketing," he remarked recently.

Monod, a former top civil servant and for a short time secretary general of the Gaullist RPR party, describes his broad strategy as "clear and ambitious". Lyonnaise, he explains, wanted to develop service activities linked to urban life and its environment with special emphasis on the water sector and its international operations.

One of his first moves on becoming chairman in 1980 had been to divest the company of its public works and construction operations in order to re-focus the company on its water activities and then to expand internationally. At the same time it moved into new service activities by investing in television and cable, nursing homes for the aged, and leisure facilities, including golf courses in France.

Of the move into the UK he says: "We took everybody by surprise." Lyonnaise had taken a first look at the UK water market in 1984 when it commissioned a leading investment bank to make a study. "They told us there was no financial interest whatsoever for a French company in investing in the British water business. But when Mrs Thatcher launched the idea of privatisation we immediately became interested again."

Monod did not intervene straight

away. But once he decided to invest in the UK, he moved with great speed. "Our acquisition strategy is very clear and simple. It consists of looking at a market, selecting our targets, and then trying to wrap up the deal as quickly as possible. Unlike our French competitors, we don't like buying small pieces and then building up our stake gradually. We prefer to reach an agreement with our target - as has been the case with our four British - and then move quickly together with our new British partners on joint strategic aims," says Monod.

In barely 12 months, Monod has spent £145m in the UK water business; he has already invested in joint ventures in Spain, Portugal, Italy and Belgium, expanded in the Far East, acquired assets in the US, and subsidiaries in West Germany.

The recent investments in the UK are part of what he calls his group's European growth strategy. "We intend to achieve significant market share in all of our businesses and in all of the countries in the unified market. By significant, I mean from between 5 and 20 or 25 per cent of each national market. In some places we are doing it through joint ventures or partnerships; in other countries, like the UK, through acquisitions," he says.

The French company selected Essex as its first target in the UK because it was the biggest of the statutory water companies. Just over a week later, Lyonnaise made a full bid for the much smaller East Anglia water company. Monod did not want to bid for another water company in the London suburban

region because he felt there might have been a risk with the Monopolies Commission. "So we decided to buy something different. East Anglia, I was told, was a small company which had to double its volume in the summer to meet holiday demand. I felt it was a good opportunity."

After snapping up the first two companies, Lyonnaise decided to let the summer go by before launching new bids. "In the meantime, Générale

des Eaux and Saur started launching their own public offers and we noticed that all the companies in which they were investing were in the London area or on the southern coast," Monod says.

Lyonnaise thus decided to buy into Bristol Water Company but as soon as the French group declared it had acquired 12 per cent, Générale des Eaux immediately increased its stake in Bristol to 28 per cent. "This was a bad sign because I don't like to share power with my competitors; we therefore decided to stop all movement in Bristol," says Monod.

Instead, Lyonnaise decided to launch the second phase of its British water campaign in the north of

the country. "I opted for the north because I thought no one else would have the imagination to go there," Monod explains. Lyonnaise subsequently bid for Sunderland and South Shields and for the Newcastle and Gateshead water companies. As the first head of the post Second World War French regional development authority, Monod was already familiar with the north of England and had made official visits to the region. Moreover, his maternal grandmother was Scottish.

"When I was in charge of regional development, I had seen the depth of the disaster of these zones. But I had heard of the arrival of Nissan and of other development prospects for this part of the country. I had enough information to know that this was not the Mezzogiorno of Italy, which is a hopeless case, but a region with a future," he says.

But his acquisitions in the north took longer to complete than in Essex and East Anglia. "And we had to pay more for these companies because the institutional investors squeezed us to the bones having sold the first two companies for a more moderate price. But I think we paid a fair price for these two companies in the north."

By the end of December, Monod had acquired 6 per cent of the British water market providing water services for about 3m people. Monod says his campaign was successful because in every case Lyonnaise spelled out its strategy to the water companies it was taking over. "We told them what we wanted to do with them in the UK, in France and elsewhere. We explained that we

did not intend to take over the management of their boards but that we wanted to maximise our technologies and technical systems and that we wanted to do things together with them abroad. And all this with a common ethical standard, putting water quality and service above everything else."

Monod has also proposed to his new British partners that they should extend their activities in waste management and treatment

cautious approach to the larger British public water authorities. Even if these authorities are finally privatised, Monod argues that the proposed terms of their privatisation - with a golden share and a shareholding ceiling for investors of 15 per cent - are not very attractive for a group like Lyonnaise. "These conditions don't make me think I will rush to buy their shares when they are floated on the market," he remarked.

But he emphasised that he was keen to work with the water authorities, whether private or public, on specific operations either in the UK or abroad. "I prefer to find new partners than exhaust myself putting money in these companies if they are privatised. I think we can work with UK companies in East Africa, in Malaysia, in countries like China or Australia, as well as in some European countries, offering water and other highly technical services."

Monod also believes these partnerships between different international groups are bound to grow. He now wants to form a number of European holding companies with several other foreign partners to offer water services in the Community.

"I think the EC will not accept too strong a domination from national groups in the public service sector. If we go to Germany or Portugal or Spain with a European holding with other European partners we will be in a far stronger position than if we went alone as Lyonnaise. I therefore plan to propose to our partners that we set up

holding companies to enable us to increase our respective market shares."

Monod has also been following closely the heated public debate in the UK over water price increases. He has preferred to let the boards of his water companies resolve the problem themselves. "I am pleased with their reasonable and moderate approach to water price rises because in terms of public opinion you simply can't increase water rates suddenly by 40 or 50 per cent. We are now talking about less than 20 per cent for two of our companies, more than 20 per cent for the third and around 30 per cent for Essex."

For Monod, the issue is essentially economic. "The British are big enough to resolve this economic problem. Moreover, there will also be the problem of European standards, which will not be applied immediately but which are inescapable and will require investment. And you have to make these investments pay. The problem is to ensure that they do pay and in turn provide an improvement in quality, service and equipment."

He also argues that privatisation will prove beneficial to the British consumer by making the industry more efficient. "I note that Socialist governments in France have never considered nationalising the French private water companies," he adds. "Water concessions are granted by local authorities in France to private companies on long term contracts. Any nationalisation of the French private water companies would have transferred the power and influence of the local authorities to the central government in Paris. "We would have had 36,000 mayors all over France against us if we had nationalised the water companies. Pierre Berégovoy, the socialist finance minister then secretary general at the Elysee, told me back in 1981," recalls Monod.

During the past three years, Monod has invested about FF9.5bn in developing his group's international presence. Nine years ago, only a fraction of the group's activities were abroad. Today, 35 per cent of the company's consolidated profits of FF9.5bn (sales last year were FF9.18bn), is earned abroad and Monod wants to increase this figure to 50 per cent by 1992. To this end, he is planning to invest a further FF9.35bn this year in part financed by a recent FF1.4bn new bond with share warrants issue.

"We will clearly not keep up this rhythm of investment for ever. But there are opportunities at this moment in Europe with privatisation and we want to take advantage of them. One day, we will also probably float on the stock market the assets we have been acquiring abroad in the US and the UK, in Spain and elsewhere," Monod concludes.

## Financial Times TOP 500 1988

The latest edition of the Financial Times Top 500 is now available for purchase - price £13.00. This is the seventh year in which the FT Top 500, a survey of Europe's biggest companies has been conducted. A new addition to this year's top 500 is the inclusion of the name of the Chairman and Chief Executive of each ranked company - an improvement designed to make the FT Top 500 an even better business tool.

The main list looks at all the publicly quoted European companies, and ranks the 500 biggest by market capitalisation, taken as an average for the month of June 1988 and translated into US dollars. A second list ranks the top 500 companies in the UK stock market, which is by far the biggest in Europe.

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### NOTICE OF REDEMPTION

To the Holders of

#### Ford Motor Credit Company

Floating Rate Notes due November 1991

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated as of November 1, 1984 between Ford Motor Credit Company (the "Company") and The Chase Manhattan Bank, N.A. (the "Fiscal and Paying Agent") all of the Company's Floating Rate Notes due November 1, 1991 (the "Notes") will be redeemed on May 31, 1989 (the "Redemption Date") at a redemption price of 100% of the principal amount thereof (the "Redemption Price") together with accrued interest to the Redemption Date. The Redemption Price will become due and payable upon each Note on the Redemption Date and on and after each Redemption Date interest on the Notes will cease to accrue. Payment of the Redemption Price will be made upon presentation and surrender of the Notes, together with all appurtenant coupons maturing subsequent to the Redemption Date, at any of the following paying agencies:

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## FSI CORPORATION

# 1988 objectives met and exceeded

## Earnings per share from operations up 59%

- FSI comprises
- 28 factories
- 552 distribution points
- on five continents

- Our global growth will continue to be based on
- satisfying customer needs around the world
- product knowledge
- financial discipline
- and great people

- A single, world market is developing in the basic products in which FSI specialises.

- We have
- the management
- the drive
- the vision
- to seek out and grasp the opportunities created

### Group results for the 12 months ended 31 December 1988

#### INCOME STATEMENT HIGHLIGHTS

	12 months ended 31 December 1988	Change %
Turnover, R000s	1 887 988	+181
Operating profit, R000s	248 595	+159
Profit before tax, R000s	177 807	+139
Earnings per ordinary and preferred ordinary share from operations before extraordinary items, cents	109.3	+59
Dividends per ordinary share, cents	30	+36
Dividend per preferred ordinary share, cents	11.45	—

At 31 December 1988, E1 = R4.29, S1\$1 = R2.38

#### EXTRACTS FROM THE AUDITED BALANCE SHEET

	31 December 1988
Total shareholders' interest, R000s	1 137 172
Total assets, R000s	1 966 470
Net asset value per share, cents	476
Self-imposed gearing ceiling, %	60
World-wide gearing, %	47
South African gearing, %	39

The full 1988 results of FSI Corporation Limited were published on 23 March 1989.

Copies are available from Gerald Carr, Group Secretary, PO Box 15702, Doornfontein 2028, South Africa

Fax Johannesburg 402-7508. Phone Johannesburg 402-3200.

# Airbus wins \$2bn Cathay contract

AIRBUS, the four-nation aircraft manufacturer, yesterday confirmed that the Far East airline Cathay Pacific is placing a \$2.2bn (£1.3bn) order for up to 20 jets in a deal worth more than \$1bn in the space industry.

Harrison writes

More than half the contract will be for the UK with British Aerospace a 20 per cent stake in manufacturing the Rolls-Royce the

This deal for Airline's \$3.6bn twin-engined A330

The Cathay order covers several new chapters of commercial aviation marks the largest yet for Airbus aircraft first time Rolls engines specified for an A330

Cathay's A330s will be first to be powered by the 524L — the most powerful in the world — under development by Rolls at a cost of \$500m.

Cathay has placed firm orders for 10 A330s, due for delivery from 1995 onwards, with a further 10. This combined order book for the A330 and its sister jet, the four-engine long-range A340, to 266 commitments from 17 customers.

The 315-seater A330s will be used by Cathay to replace Lockheed TriStars on regional routes from its Hong Kong base.

## Airbus deal

TAP, the Portuguese airline, has ordered two Airbus A340s with an option on two more worth about £238 million (\$400m). The deal brings the consortium's orders for the week to £2.7 billion.

## Airbus boost

Northwest, the American airline, is to buy 10 European A330 Airbus in a £320 million agreement announced yesterday. British Aerospace builds wings for the aircraft. Northwest has already ordered 100 A320s and 20 A340s.

# Airbus benefits from £985m Iberia orders

BY TOM BURNS IN MADRID

IBERIA, Spain's national airline, announced at the weekend a £1.985bn (\$985m) buying spree of short, medium- and long-range aircraft. Iberia is to re-equip half its fleet and increase the company's involvement with the Airbus programme through the purchase of the European consortium's long-range jumbo, the Airbus A340.

About Pta120bn will be spent on the acquisition of 17 McDonnell Douglas MD-87 twin jet aircraft carrying 117 passengers and on 15 150-passenger units of the European medium-range aircraft, the Airbus 320. Pricing details were not revealed. The balance, some Pta79bn, will be spent on eight wide-bodied Airbus 340s which will be replacing the airline's DC-10 fleet in the mid-1990s.

Iberia said it had opted for A340s to share in its final design.

and to obtain all the benefits of a "promotional client" status. The first five McDonnell Douglas aircraft, which will replace Iberia's existing DC-9s, will be in service in the last quarter of 1989 and the remaining 12 will be delivered in 1990. The Airbus 320s, intended to replace Iberia's Boeing 727 fleet, will be delivered in 1990 and 1991.

The orders for the 40 aircraft come in the wake of a strong upturn in Iberia's financial position. Following Pta11bn losses last year, the company is expected to post Pta10bn pre-tax profits this year.

Iberia is hoping to raise some Pta30bn from the sale of the aircraft it will be phasing out. Further financing for the programme wholly public-owned company may come from the placement of a minority block of shares on the Madrid bourse.

# TWA to Spend \$3.6 Billion On Airbus Jets

Compiled by Our Staff From Dispatches

MOUNT KISCO, New York — Trans World Airlines Inc. said Tuesday that it had ordered 20 planes from Airbus Industrie and taken options on 20 more, a deal valued at more than \$3.6 billion that is a major victory for the European consortium over U.S. rivals. The four-nation consortium will begin delivering the 300-seat A330-300 twin-engine widebody aircraft to TWA in late 1994 or early 1995, said the airline's chairman, Carl C. Icahn.

Airbus has faced difficulties in competing with the U.S. aircraft makers Boeing Co. and McDonnell Douglas Corp. because of a sharp decline in the dollar. The American manufacturer complained that financial support for Airbus from governments was an unfair advantage.

to compete with Boeing's 767 on TWA's trans-Atlantic routes. The airline was the second U.S. carrier to order the A330 after Northwest Airlines.

Airbus, a consortium comprising Britain, France, West Germany and Spain, has been riding an order boom for new aircraft and has had to stretch delivery times to accommodate demand.

TWA said it would have the right to convert up to 10 of the firm orders and 10 of the options to Airbus A340s, the four-engine, very-long-range model that will enter service in May 1992. The A340 has a range of 7,500 miles (12,500 kilometers), compared with 4,600 miles for the A330.

The TWA purchase was praised by airline analysts, some of whom have said that the carrier could not survive unless Mr. Icahn bought new equipment.

## Lufthansa and UTA Sign Orders for Airbus A-340s

Compiled by Our Staff From Dispatches

PARIS — Deutsche Lufthansa AG said Wednesday that it had signed a contract with the Airbus Industrie consortium for delivery of 15 long-range Airbus A-340s and had taken an option on 15 others. Airbus has also received a firm order for six A-340s and an option on six others from the French airline UTA. Airbus formally launched a program to build the A-340 and the updated version of the DC-10, which will become available in 1990. The Lufthansa planes will be delivered from 1991 onward and will gradually replace Lufthansa's fleet of McDonnell Douglas DC-10s. Lufthansa, the West German national airline, said the order, formally signed at the Paris air show, was subject to approval by its supervisory board. The new A-340s will allow the airline to open up numerous nonstop long-distance routes. Delivery of the first two planes to UTA will be made in May 1992, with two to be delivered in 1993 and two in 1994. UTA has an extensive network of long-range routes between France and Africa. (Reuters, AP)

## Fresh orders for Airbus A-340 top \$1.5bn

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ORDERS worth more than \$1.5bn (£900m) for the new Airbus A-340 four-engine long-range jetliner were announced at the Paris International Air Show yesterday. Lufthansa, the West German airline, signed a formal contract for 15 of the A-340s, and an option on another 15 aircraft.

At an estimated price of about \$70m per aircraft, the Lufthansa deal is worth over \$1bn, which could be doubled to some \$2bn if the option on 15 aircraft is confirmed.

Union de Transports Aériens (UTA), the French long-haul international airline, disclosed that it is also a customer for the long-range A-340, ordering six aircraft, worth about \$420m, with an option on a further six.

Both the A-330 twin-engine medium-range jetliner and the four-engine long-range were formally launched two weeks ago.

Lufthansa is one of the 10 airlines originally claimed by Airbus Industrie as among the launch customers for the A-330/A-340 aircraft which Airbus said it had received in advance of formal go-ahead in advance ventures, covering a total of 130 aircraft.

UTA, however, is one of the two hitherto undisclosed airline customers for the new aircraft. The list of buyers so far revealed now includes Air France, Lufthansa, Royal Jordanian, Northwest Orient (US), Air Portugal, Thai International, Air Inter, International Lease Finance Corporation and UTA, with one customer still to be named.

It was also revealed at the Paris Show that British Aerospace has won an order worth about \$50m from Avline Trading Corporation of Toronto, Canada, for five of the new twin-engine, BAe Advanced Turbo-prop airliners (or ATPs).

Northwest Orient (US), Air Portugal, Thai International, Air Inter, International Lease Finance Corporation and UTA, with one customer still to be named.

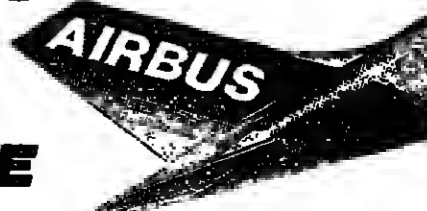
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# BY BUILDING THE AIRCRAFT OF TOMORROW, WE'RE MAKING NEWS TODAY.

These are just some of the 17 customers who have already made commitments to buy over 260 Airbus A330 and A340 aircraft. They are the airlines that have recognised the marketing potential offered by these new generation long-haul jets.

Who will be next?

© AIRBUS INDUSTRIE







ARTS

An allegory of life in New York

Andrew Porter reviews the Met's new Salome and an assortment of other operas

The Met's new production of Salome has had a mixed reception. Some likened Jürgen Rose's set to the boiler room of, perhaps, the Titanic...

Other new productions for 1988-90 are Faust (Hal Prince), Rigoletto (Schenk), and The Flying Dutchman (Everding). Carlos Kleiber conducts Tristan and Isolde...

directness without the drastic new procedures of Orfeo, consolidating before Alcide. It is a beautiful piece. Carmen Pelton and Julianne Baird were a good team...

for Forza now owned by the Seattle Opera are replicas of Ferrario's for the Scala premiere of the opera, with miracles of painted illusion undreamed of today.



Bernd Weikl and Eva Marton in "Salome"

Finally, also in Fisher, Handel's Orlando, brought by Christopher Hogwood's Academy of Ancient Music...

Romeo and Juliet

SWAN THEATRE, STRATFORD-UPON-AVON

If Trevor Nunn's original idea about the Swan was to explore the repertoire and reinvent the rhetorical manners of the Royal Shakespeare Company...



Mark Rylance and Georgia Slowe

Romeo, is a melancholic, tearful reject very much apart from his fellows. He has zest and amatory zeal, and an athletic prowess which comes in handy for scaling garden walls...

Here at least is a positive use of the scaled-up intimacy the Swan can offer. Otherwise, the fights and dances are very much as you would expect to see them.

Mitsuko Uchida

QUEEN ELIZABETH HALL

At Miss Uchida's tempi, Schumann's Fantasy in C was filled by the first half of her recital on Wednesday. I've not heard the passionate opening movement so stretched out since...

cluding Langsam getragen. However, "Long drawn out" would be an unfriendly translation, was virtually immobile until the coda. Not inert, for Uchida invested all of it with tremulous feeling...

through, but hers seemed inexhaustible. The "Sonorités opposées" alone was a sumptuous canvas in multi-level hues, deep and haunting. None of that was mere colour-effect, for it served, like her teasing variety of pulse and rhythm...

composed, a gorgeous "Agréments" a technically superb "Notes répétées" spiked with mischief. If the "Octaves" had only a qualified élan, it gripped through incisive detail.

David Murray

Roméo et Juliette

FESTIVAL HALL

The Philharmonia is giving four concerts in nine days at the Festival Hall, three of them as part of the Adrian Boult celebration. Wednesday night's was the odd one out...

it was followed by fine contributions from Alfredo Hodgson in the Prologue and Strophes - a little tremulous but beautifully measured and accented.

Love Scene - the crux of the symphony, as David Cairns' marvellously readable and enlightening programme notes emphasised - failed to get across the necessary emotional weight.

some Mahler works in which a break would be unthinkable; why then here? The remainder was efficiently delivered - Goldsmiths Choral Union supplied the chorus in the third part.

Andrew Clements

ARTS GUIDE

April 7-13

Notice to Bondholders and Warrant-holders of EISAI CO., LTD. U.S.\$100,000,000 3 1/8 per cent. Guaranteed Bonds due 1992 with Warrants to subscribe for shares of common stock of Eisai Co., Ltd.

ROMA Opera. The Opera's ballet company dancing the La Scala production of John Cranko's production of the postwar period, returns with its original conductor, Colin Davis. Stuttgart Burrows takes the title role.

Zeuberflöte conducted by Konrad Leiser. Die Hölle. Witwe conducted by Adolf Hibi. Così Fan Tutte conducted by Bruno Weil.

SALEROOM Records for Russian art. Sotheby's continues to have a splendid week. After its record auction of Impressionists on Tuesday, with the British Rail Pension Fund pictures proving that art can be a fine investment...



POLITICS TODAY

Looked at through American conservative eyes, Britain's Conservative government is turning soft on crime.

Its internal watchword is "crime management," by which is meant the proposition that there is only so much that can be done to control what is after all a universal phenomenon — and that what is done should be cost-effective. The phrase "crime management" is well-known to civil servants and some ministers, but nowadays they avoid using it in public and hardly ever speak it in private. Tories who hope to succeed must look, and sound, tough on criminals. Yet even Mrs Margaret Thatcher's own Conservative think-tank, the Centre for Policy Studies, has just published a paper that postulates a reduction in the number of people kept in prison, on the ground that in most cases it is useless to put them there. (It is called "Custody reconsidered." I'll get back to it in a minute.)

There is little evidence of such tender-heartedness among American conservatives. Perhaps the most avidly charming of their think-tanks is the Heritage Foundation, which has produced a 972-page volume of advice for the Bush administration. It is not too keen on habeas corpus, and seems quite enthusiastic about capital punishment, but we can ignore the latter paragraphs on one side. What is more interesting, from the British point of view, is its quotation from a US National Institute of Justice study, which tells us that the cost of building a new cell and maintaining a prisoner in it is \$22,000 a year. "Yet," says the Heritage Foundation writer, referring to the same source, "new crimes committed by each released prisoner cost society about \$430,000 in victim losses." The latter includes damages, legal costs, and private security expenditures.

Assuming their figures are right, the economic case is therefore unanswerable. If they are talking about crimes of violence the social case for locking the worst of the violent things up and throwing away the key is just as strong. The Heritage Foundation believes that using private management will cut operating costs even further by perhaps \$700,000 per year per prison. That is more difficult to sell over here than over there, but Mr Douglas Hurd, the Home Secretary, is moving towards putting out tenders for the private management of remand prisons.

The US conservatives' advice to Mr Bush is not all one way. When it comes to less dangerous offenders, the Heritage Foundation report calls for fines, community service, or "residential incarceration" (by electronic tag). This is meant and drunk to the Home Office. There is also a trans-Atlantic convergence of conservative ideas on the rationalisation of sentencing. The US side supports the federal Sentencing Commission, which issues guidelines to judges. In Britain the Conservative Party, by which I said I'd get back, calls for something very similar.

Written by Professor Andrew Ashworth of King's College, London; its starting point is that imprisonment

Recorded crime (thousands) England & Wales

	1978	1980	1982	1984	1986	1987	1988	1978-88 % increase
TOTAL of which:	2561.5	2688.2	3262.4	3469.1	3947.4	3892.2	3715.8	45.1
Theft and handling stolen goods	1441.3	1463.5	1756.9	1808.0	2003.9	2052.0	1931.3	34.0
Burglary	580.1	618.4	805.4	892.9	931.6	900.1	817.8	46.0
Criminal damage	306.3	359.5	417.8	487.8	583.6	589.0	593.9	93.9
Violence against the person	87.1	97.2	108.7	114.2	125.5	141.0	158.2	81.6
Robbery	13.2	15.0	22.8	24.9	30.0	32.5	31.4	137.9
Sexual offences	22.4	21.1	19.7	20.2	22.7	25.2	26.5	18.3

Damned lies and crime statistics

By Joe Rogaly

It serves little purpose, all it does is meet the assumed public demand for criminals to be punished. It does not act as a powerful deterrent. It does not reform the offender. On the contrary, it is seen to act as a breeding ground for crime. The Home Office has been saying this for years. It has also been encouraging ministers to change the rules so that sentences might be reduced. What has happened, the Ashworth study indicates, is that the judges have moved in the opposite direction. The prison population has grown from 22,000 in 1968 to a more or less stable 50,000 or so now. The average length of custodial sentences imposed by the Crown Court has grown from 17 months in 1980 to nearly 18 months in 1987.

Professor Ashworth's answer is a Sentencing Commission. It would develop and issue guidelines to the courts. It is assumed that they would respond with more consistent sentencing. This would not amount to interference with the independence of the judiciary. What kind of guidelines? In the Professor's view, "prison must be confined to the uses for which it is fit: the removal from society of really serious offenders who deserve it." Non-custodial sentences should, he indicates, be more demanding. It is a rational enough prescription. It is easy for the Professor to issue it. He

does not have to sell it to a Tory Party conference.

Mr Hurd would not try to do so, at least not head on. He has, however, done a very good job indeed of soothing general public opinion about crime. He was quite well received, for example, at the most recent party conference. He has been assisted by Mr John Patten, who should be called the Minister of State for (I can say it) crime management. In this spirit, the steady stream of Home Office research publications is still in the direction of a sensible approach. This is true of this week's report on "larger lumps", which describes how some young men, often out of work, make trouble after a night in the pub. The Prime Minister would not like to be told that her social policies contribute to this effect: one implication of the report is that trawls after closing hours are a matter for local communities to solve. This would be easier if the Government had not done so much to destroy locally-elected authorities.

More to the point, the process of selling crime management without speaking its name could turn out to be politically counter-productive. The Government has spent so much energy and money telling people to watch out for thieves that fear of

them has risen sharply. Mr Hurd says that the fear may be as serious as the crime. It can, he says, "stunt and cripple the lives of law-abiding folk." (That is nothing to what it can do to politicians regarded by the voters as soft.) The Home Secretary has therefore put Mr Michael Grade, Chief Executive of Channel 4, in charge of finding out how to reduce the fear.

To those who respond — how about reducing the crime? — the standard answer is that, if you believe the statistics, Britain is getting crime under control. It fell by 5 per cent in England and Wales last year, following an average increase of 5 per cent a year since 1980.

Can you believe the statistics? I don't see why you should. For nearly a quarter of a century the Home Office, which collates these numbers, has been doing its best to convince us that the apparent growth in the number of crimes is partly an illusion. Only a small proportion of petty crimes gets reported to the police, and the share of those that they record depends upon how many desk officers are around and how diligent they are. Thus the increase in reported crime may be far greater than the increase, if any, in actual crime. If there is a bit more thievery and burglary around it is the product of the growth in popu-

lation or other natural causes and anyway far smaller than the records so misleadingly seem to indicate.

I have believed this story every time I have heard it over the past 25 years or so. I have even repeated it in these columns from time to time. It sounds right. I have most recently accepted it in the case of rape. The number of rapes notified to the police has more than doubled over the past 10 years. The Home Office says that much of this increase reflects changes in police practice, especially in London. Officers who in times past may have turned away many reports of violent sexual assault are now more understanding, so it is said.

The result is that victims are less reluctant to report such crimes. If you go to the Home Office you will still hear this opinion of the rape statistics. It sounds right. Recent studies by its research unit suggest that 60 per cent of rapes are by men known to the victim, either as intimates or acquaintances. Curiously, the number of reported rapes has fallen slightly in an inner London sample (Islington and Lambeth), although the police have accepted more as definite crimes. Thus recorded rape has increased. Clearly the old scale of lies, damned lies and statistics has one step lower to go — criminal records.

The Home Office is nevertheless quite pleased with its latest figures. The downward trend is thought to be real, and due to a number of factors. One might be the development of "crime prevention" schemes. These include Neighbourhood Watch, more advice on using locks, bars, and burglar alarms, and more recent concepts like using design to make housing estates more crime-proof. Intelligent design can do the same for cars, shops, schools and practically any public place. What Mr Hurd and Mr Patten seem to have been unable to do is persuade the Treasury that there is a net cash benefit in putting contingencies in council blocks, or more police on trains and subways.

Another Home Office favourite is victim support, which it helps to fund. The first scheme was started in Bristol in 1974; today there are some 350 in operation. The help, by trained volunteers, may involve repairs to property, or advice on how to get compensation, or a form of psychotherapy. Last year some 338,000 victims, mostly of burglary, were referred to these voluntary agencies. The most relevant factor may, however, be demographic. Most crime is committed by teen-aged boys. The growth in the number of teen-aged boys has slowed down and gone into reverse. There are fewer of them around, and there will be fewer still in the next couple of years. This simple fact is thought likely to overcome the long-term postwar growth in the number of crimes per 100,000 population, which has shown a steady upward trend in most years. Neat, isn't it? With just a little bit of luck, the Government will be able to dodge the tag "soft on crime" and proudly announce a fall every year until, say, the next general election. It may take all of Mr Grade's presentational skills to make us believe it.

LOMBARD

Nationalism is not enough

By John Lloyd

THERE IS a great speech waiting to be made. It must be made by a senior politician — probably Labour — politician. The title would be: "Why the kingdom should stay united." It would be a tremendous political occasion. But I cannot think how any senior opposition figure could rise to it — not because they are incapable of rising to occasions, but because it is hard to know what they would rise with.

The challenge is in the phrase now being used by the Scottish National Party (SNP): "Independence within Europe." Why stop there? What is the argument against going the whole hog? What is the argument, now, for the Union?

Conservatives have it relatively easy. They invoke the Queen and constitution, the sovereignty of Parliament, historic unity, common sacrifices, regeneration of the UK economy with effects in its peripheries as well as the centre, and the fact that the Scots, the Welsh and especially the Northern Irish are all subsidised from the English purse.

But opposition parties are shot through with Celtic influence. Labour is led by a Welshman; and there are five Scots in the shadow cabinet. (Mr Tony Blair, the youngest shadow cabinet minister, is of Scots parentage and education; Mr Bryan Gould, Labour's chief thinker, is a New Zealander with a Scots name.) The Liberals were formerly led by a Scot, Mr David Steel; they are now led by a Cornishman (Paddy Ashdown) with a Scots deputy (Alan Beth). The Social Democrats were first dreamed up by a Welshman (Roy Jenkins) and are now led by a West Country man with a Welsh name (David Owen).

should not Scotland, Wales and Northern Ireland seek independence within Europe? The first two are (or say they are) deeply alienated from a Government they see as southern English. Scotland has retained its separate judiciary, legal system, church, and culture. Wales has retained a language (in parts) and is more militantly anti-English. The old argument to stick together in order to win socialism in one nation has disappeared — it did so the instant Mr Kinnock swung the Labour Party round to Europe. (Northern Ireland is something of an exception: the majority actively want the right to remain British, but the Anglo-Irish agreement is the unequivocal signal that the West Minister party to guarantee its Britishness — Conservative — is politely waiting for the Unionists to draw the obvious conclusion and side up to the Irish Republic.)

So why not independence? The "bottom line" response is that constituent parts of the UK would immediately be poorer: in Ulster's case, very much poorer. But in the longer term? With good infrastructure, high levels of education, and the bursts of energy independence might give? Could it be worth the risk? And is this bottom line, in any case, the only reason for the Union now?

It is easy to think of arguments against nationalism — Scots and Welsh versions are already intermingled with a vainglorious whingeing, legitimising every kind of rhetorical and bar-room excess about "the English." Modern Scotland was in part constructed by people who thought of themselves as North British (as against the then detested Highlanders). Wales never had the institutions of nationhood. None of the nationalist parties have attracted politicians of the first rank: these have largely remained Labour. But these are points against nationalism. The issue for the putative speaker is the positive, contemporary, unionist argument: why be British instead of the English, Scots, Welsh and Ulster Europeans? There may be a very good answer to that. But it has not been seen about, recently.

LETTERS

Privatising UK water

From Mr T.J. Moorey.  
Sir, Mr Michael Howard, the Minister for Water (Letters, April 3) says that privatisation will bring competition to the capital markets, and better managed companies will be able to raise capital more cheaply. Leaving aside whether this is much of an argument, why has the managing director of West Kent Water Company written to me to say that charges are being up by 43 per cent, partly to cover higher borrowing rates after privatisation? Will the Minister be telling the company that it is not well-managed? Has he rejected the 43 per cent increase? Why is 21 per cent of the increase to cover privatisation requirements when this particular company is already private? Tim Moorey, RP, Mercury House, 195 Enghambridge, SW7

Employee share schemes

From Mr Nicholas Andrew.  
Sir, In our experience, family-controlled companies are reluctant to introduce employee share schemes mainly because of the lack of marketability of the shares acquired. There is little employee incentive in holding a minority parcel of shares in a private company which does not pay dividends. However, by the introduction of an employee benefit trust, a private company can create a market for its shares for both existing shareholders and employees who acquire shares under Inland Revenue approved share schemes or "unapproved" arrangements. The stimulus to employee benefits given by the Chancellor, albeit in limited form at present is welcome, and should lead to a significant increase in share incentive schemes for private companies. This is in addition to a probable substantial increase in the use of employee benefit trusts, "qualifying" or not, for listed companies, despite the additional company law problems associated with such trusts. Nicholas Andrew, Robson Rhodes, 126 City Road, EC1

Stands Scotland where it did?

From Sir Charles Fergusson.  
Sir, Your leader, "Speaking for Scotland" (April 4), cannot be a deliberate attempt to pull wool over your readers' eyes, but it does read as though written in Frankfurt rather than in London. Why do you resurrect the bland old platitude that "the demand (in Scotland) for self-determination will not go away," then assert that this "demand" should be met because Scottish feeling is "too strong" to do nothing? Why do you propose that the Scottish people should be asked to vote once more about our preferred form of government? And would "once more" be enough: would you advocate that this should happen regularly — perhaps again and again — until an assembly and/or a separate state is established? I am reminded, as one often is, of the words of the sage Strauss-Hupe: "The less we know about another man's life, the bolder will be our suggestions for improving it." In every country there will always be demands for constitutional change, however silly, which "will not go away." Any one who offers people "more say" in their own affairs, without even reminding them how much they already have, is likely to be regarded as a fool. There is, as in the 1970s, much noise about self-determination in the Scottish media, and now also from politicians with little else to do. This is a handy means of irritating the Tories and of building up resentment against the Government — and Mrs Thatcher personally. But I know that ordinary people seldom talk about it and, as in those days, certainly do not regard it as of any priority.

IT applied to traffic jams

From Mr Martin Cragg.  
Sir, The Confederation of British Industry report published on March 29 estimates that traffic congestion, especially in the south east, costs Britain £250m a year. But the remedies suggested by the CBI reflect the vertical thinking which has plagued the Department of Transport for years. Bigger roads lead to bigger jams. Of course there should be continuous expenditure to improve the transport network. But highways of a different kind would eventually provide the solution sought. The provision of interactive broadband networks throughout the important commuter regions of the UK would allow many people to work at least part of their time at home. This would take pressure off the transport network and relieve congestion in a most cost-effective way. Expensive office space would be released; employees would be happier, healthier and more productive; accidents and pollution would be reduced. Experience gained in "remote working" would also have clear benefits. Because the Government has failed to grasp the link between telecommunications and physical transport, this association is sponsoring a short study of the potential, and would welcome support from those with views or evidence. This is one example of the many ways that IT (information technology) could be applied at the strategic national level to address important problems. Martin Cragg, Business Equipment & Information Technology Association, 8 Southampton Place, WC1

Case for a land tax

From Mr M.R. Sandpearl.  
Sir, I am puzzled by the seemingly arbitrary way in which the media interchange the words "terrorists" and "guerrillas." Is it coincidence that Palestinian (or Basque) perpetrators of terror are described as "guerrillas" and IRA guerrillas are described as "terrorists"? And how do we interpret "rebels," as in "Nicaraguan Contra rebels"? M.R. Sandpearl, 1 Belvedere Road, Leeds, West Yorkshire

Word war

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INTERNATIONAL COMPANIES AND FINANCE

# Thompson sells remaining Hillsdown Holdings stake

By Nikki Tait

MR DAVID THOMPSON, the 53-year-old co-founder of Hillsdown Holdings, yesterday placed the remaining 14.5 per cent stake which he and his family hold in the food, furniture and property group.

The placing was done yesterday morning at 250p a share, a 6.6 per cent discount to Wednesday's night's closing level. One of the largest placings of a personal stake, it nets Mr Thompson and his family just over £154m (\$262m).

Mr Thompson yesterday said the stake had been sold because he had been aware for some time that speculation relating to the holding had been detrimental to market rating of the company's shares.

Hillsdown itself was quick to express its appreciation. "It's

very good news," commented chairman, Mr Harry Solomon. "It removes the overhang." The company's shares eased just 3p to 270p on the news.

Mr Thompson, who was recently ranked as the 19th richest man in Britain in a Sunday Times magazine survey, will now step down from his position as a non-executive director on Hillsdown's board.

Yesterday's placing was carried out by stockbrokers Smith New Court, rather than the company's brokers, Hoare Govett - suggesting that Mr Thompson was, to an extent, acting independently yesterday.

The brokers said the placing was smooth, and that the shares went to some 50 to 60 UK and overseas institutions.

None of these is expected to emerge with disclosable stakes in the group.

Mr Thompson, whose family originally owned a meat trading business, founded Hillsdown in conjunction with Mr Solomon in 1975. After buying some sizable but poorly-performing food sector assets, the company came to the market in early-1985, capitalised at £274m.

Mr Thompson, whose stake became diluted as a result, halved his then 30 per cent interest in the company in April 1987. On that occasion, he sold 55.4m shares at 260p apiece, raising £144m. He also stepped down as joint chairman at that time, taking a non-executive role.

# DAF lifts net profit by 133% to Fl 147m

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle manufacturer, increased its net profit by 133 per cent to Fl 147m (\$98.7m) last year from Fl 63.1m in 1987, according to revised figures released yesterday.

The company, which is planning to go public in May with an international equity offering and a listing on both the London and Amsterdam stock exchanges, raised its turnover by 37.7 per cent to Fl 5.2bn from Fl 3.77bn.

DAF took over the former UK state-owned Leyland truck and Freight Rover van businesses in April 1987.

The company said yesterday that it has decided to drop the Freight Rover and Sherpa names for its UK-produced vans, which will in future be known as the Leyland DAF 200 and 400 ranges with a consistent naming policy in all European markets.

Coinciding with the name changes DAF is introducing a 2.5 litre diesel engine in both turbo and naturally aspirated forms in the 400 range supplied by PSA, the Peugeot/Citroen car and light commercial vehicle maker. PSA will also supply the transmissions.

Mr Aart van der Padt, chairman of the DAF management board, said that demand for commercial vehicles in West Europe was expected to be "somewhat lower" than the record level reached in 1988.

# German giants shake off the blues

## David Goodhart sniffs an air of euphoria at the Hanover Trade Fair

Take a look outside," invited the West German chief executive pointing through the window to the glittering display of industrial might at the annual Hanover Industrial Fair. "It's that really the Slow Man of Europe?"

On the company stands, and at the press conferences, the news is monotonously good: higher dividends, faster growth, exciting diversification.

The debate over Standort Deutschland - rising production costs in Germany - which was still a keynote of many speeches last year, seems to have disappeared altogether.

It was left to the politicians and business association leaders to warn against further cuts in working times at the Fair's opening ceremony on Tuesday. Earlier in the day at the press conferences of four heavy industrial groups - Hoesch, Thyssen, Mannesmann and Fried Krupp - it seemed that businessmen had forgotten how to moan.

Hoesch indicated that it would follow Thyssen's lead and increase its 1988 dividend and that 1988 turnover had risen 14 per cent to DMS.3bn (\$4.44bn), or 15 per cent to DM14.5bn including unconsolidated businesses.

One such unconsolidated business - Hans Kolbe - in which Hoesch took a 27 per cent stake last year, was the main new item on display. The company, which has a turnover of DM400m and the largest domestic share of the circuit board market, is a typical example of a Mittelstand (medium-sized) company with a succession problem.

The current owner has no heir, so has decided to sell part of the business before the tax on such deals is nearly doubled next year. Hoesch executives are hoping that Kolbe's heavy capital requirements will increase its dependence and allow Hoesch to take a controlling stake.

Down the road at Thyssen an increase in sales of at least 10 per cent for the current year was predicted. With virtually no borrowings and accelerating profitability Thyssen is on the prowl for another big acquisition. Fried Krupp has been ruled out, but Klockner & Co is still looking for a new

owner, and Thyssen itself has expressed an interest in Otto Wolf, the German metals group.

Parts of the German business press have decided that Mr Diether Spethmann, the Thyssen chief executive, is getting too big for his boots. But unperturbed by accusations of megalomania Mr Spethmann is busy placing his considerable weight behind the futuristic 300 mph Transrapid magnetic railway - for which Thyssen is main contractor.

rent year and a 20 per cent rise in orders in January-February.

And even Fried Krupp, Germany's heavy industrial laggard, was able to announce a 20 per cent increase in first-quarter orders. Mr Gerhard Commes, former head of the steel division and now chief executive of the whole group, said the strength of the West German economy was helping the company restructure after recent losses.

Krupp has recently sold one subsidiary to Mannesmann and

boomings steel market is still a big bonus and has allowed two price increases last June and January.

According to Mr Ragnacht Vondran, the normally gloomy president of the Steel Employers Association, the boom is not about to peter out. Raw steel production was up a further 2.4 per cent in the first quarter.

As a recent German Chambers of Commerce survey revealed there is enormous confidence about 1989. Just before the Hanover Fair opened another survey, by Manager Magazin and Roland Berger consultants, declared that of the 20 companies best prepared for 1989 five are German, including at the top of the list Kfupfe & Nagel, a transport firm half-owned by Linde. In second place was Nestlé, followed by SKF and Deutsche Bank.

The consultants sent a complex 11-page questionnaire to more than 600 companies and got replies from about 180. The three other German companies in the top 20 were Henkel, Daimler-Benz and Bayer. The only two UK firms were Ocean Transport & Trading at number five, and Barclays Bank at number nine.

There were one or two 1988-related fears tucked away in the opening speeches. Most notably Mr Dieter of Mannesmann pointed out that he has to pay DM93 in environmental costs on every tonne of steel tube while his French competitors pay only DM52 per tonne. He pointed out earlier that Germany's exports of investment goods to the EC are more than all of France's EC exports put together, so the burden is clearly not crippling.

However, confidence, bordering on euphoria, at Hanover is badly timed. Mr Franz Steinhuber, leader of the giant IG Metall trade union, will be pushing hard for the 35-hour week early next year. The employers insist that they can pay more money but cannot budget on hours.

But they will almost certainly have to concede something on working time, even if the union also has to accept greater flexibility. The atmosphere in Hanover will not have strengthened the employers' resolve.

# MAN set for 25% rise

MAN, the big West German truck, engineering, and steel trading concern, is on target for net profits of some DM250m (\$132m) this financial year, a further rise of 25 per cent, writes Andrew Fisher in Frankfurt.

The improvement is the result of a sharp rise in new business and the impact of the group's extensive restructuring efforts.

Mr Klaus Götte, chairman, said in an interview at MAN's Munich headquarters: "The economy is developing well and we are participating fully in this. Practically all our operations are running at full capacity."

Net profits in the last financial year ended June 30, 1988, rose by 24 per cent to DM202m. Asked if the figure could reach DM250m or so in 1988-89, based on his aim of a 1.8 per cent return on turnover of some DM15.5bn, he said: "I have no objection to this calculation." MAN's two biggest activities, trucks and printing machinery, have con-

tributed considerably to the group's surge in earnings.

In 1987-88, the truck division improved by DM100m from a hefty loss to a DM48m net profit; before tax, the turnaround was DM150m. Mr Götte said trucks were again improving strongly this year.

For both trucks and printing machinery, he expected taxable profits of between DM350m and DM300m in 1988-89 after DM200m last year. Five years ago, their combined losses exceeded DM250m. The marine diesel division should also make a small profit this year, its first since the early 1980s.

Mr Götte said he hoped for Federal Cartel Office approval of MAN's planned purchase of the marine and land diesel activities of Sulzer of Switzerland. With the marine engine market likely to recover gradually, the MAN division, augmented by Sulzer engines and the stake in France's Pielstick, should produce steadily higher profits, though "not super profits."

Further divestments can be expected.

The other less healthy company, Klockner-Werke, has yesterday claiming to have turned the corner after losses of DM290m in 1986-87. Despite operating profits of DM131m in 1987-88, the company only broke even after various exceptional costs, but in the current year earnings of over DM100m are expected.

Although the Ruhr-based industrial giants have substantially reduced their dependence on steel in recent years, a

# Nokia reshapes its operations

By Olli Virtanen in Helsinki

NOKIA, the Finnish electronics group which has been struggling to absorb recent acquisitions, has regrouped into six independent business units, each headed by a president with broad responsibility for its operations and development.

The shake-up, initiated by Mr Simo Vuorio, chairman and chief executive, also involves reducing the group head office to the chief executive's office and support services.

The six divisions are Nokia Consumer Electronics, (headed

by Mr Jacques Noels), Nokia Data (Mr Kalle Isakallio), Nokia Mobile Phones (Mr Antti Lagerroos), Nokia Telecommunications (Mr Sakari Salmi), Cables and Machinery (Mr Seppo Ahonen) and Basic Industries, comprising Nokia Paper, Nokia Chemicals and Nokia Rubber (Mr Harry Mäkilä).

The appointments largely reflect previous duties of the executives concerned. Nokia's board will now consist of Mr Vuorio, the six presidents and Mr Pasvo Rantanen, who is responsible for Nokia's inter-

national relations and trade policy.

The chief executive, says Mr Vuorio, will now have no more operational responsibilities. Delegation "creates greater clarity in the management system," he says.

The chief executive's office includes Mr Rantanen, Professor Matti Ojala, who is in charge of research, development and technology matters, Mr Matti Saarinen, vice president for corporate communications and Mr Taavi Heinilä, chief legal counsellor.

# KLM trims Fokker orders

By Our Financial Staff

KLM Royal Dutch Airlines, the 34.9 per cent state-owned Dutch flag carrier, has cancelled orders for four of the 10 F-100 fighters it previously had agreed to acquire from Fokker, the Dutch aerospace group, after a dispute over extra penalties for delivery delays by the manufacturer.

KLM added it was now "unlikely" that options previously agreed for the acquisition of five additional F-100s would be taken up.

# Pakhoed slips but Smit cuts loss

By Laura Raun in Amsterdam

PAKHOED, the Dutch storage and transport group, yesterday revealed that its 1988 earnings slipped by 9 per cent while Smit International, the salvage and dredging group, narrowed its losses.

The Rotterdam-based Pakhoed said net income slipped to Fl 82.66m (\$29.7m) in 1988 from Fl 65.63m the year before, when profits were boosted by an extraordinary gain from the sale of Pandair International.

Pakhoed nevertheless


boosted its 1988 dividend by 30 per cent to Fl 5 a share because operating income from ordinary operations surged 60 per cent to Fl 67.8m from Fl 42.5m. Higher earnings were predicted for this year.

Revenue surged 21 per cent to Fl 124.7m in 1988 from Fl 103.1m in 1987. Chemical product storage had higher turnover while crude oil storage was flat and oil products posted lower operating income.

At Smit International, losses

shrank considerably to Fl 45m in fiscal 1987/88 from Fl 244m in 1986/87. No explanation was given for the improvement and no revenue figures were disclosed.

The company passed a dividend for the second consecutive year but forecast a break-even point in operating income in 1989. Smit, a world leader in ship salvage, has been hit by the slump in the offshore and shipping industries.



**NV. Koninklijke Nederlandsche Petroleum Maatschappij**  
(Royal Dutch) Established at The Hague, The Netherlands

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**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

to be held on Thursday 11th May, 1989, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchillplein, The Hague, The Netherlands.

**AGENDA**

- Annual Report for 1988.
- Finalization of the Balance Sheet and the Profit and Loss Account together with the Notes thereto for 1988 and declaration of the final dividend for 1988.
- Appointment of a member of the Board of Management.
- Appointment of a member of the Supervisory Board.
- Appointment of a member of the Supervisory Board.

The documents referred to under items 1 and 2 are available for inspection and may be obtained free of charge at:

- the Company's office, 30 Carel van Bylandtlaan, 2598 HR The Hague;
- the office of Shell Oil Company, Transfer Agent, One Shell Plaza, P.O. Box 53808, Houston, Texas 77052;
- the head offices of the banks stated below.

The nominations for the appointments referred to under items 3, 4 and 5 are available for inspection at the Company's office.

The nomination for the appointment referred to under item 3 lists Mr. C.A.J. Herkströter first and Mr. A. Heeneman second, that for the appointment referred to under item 4 lists Mr. T.C. Braakman first and Mr. J. Klootwijk second, and that for the appointment referred to under item 5 lists Mr. K.V. Cassani first and Mr. A.P. de Geus second.

**REGISTRATION**

**A. Holders of share certificates to bearer may attend the meeting if their**

share certificates, or evidence that their certificates are held in open custody by Da Nederlandsche Bank N.V., are deposited against receipt not later than 5th May, 1989, at one of the institutions mentioned below, viz:

**In the Netherlands:** Algemene Bank Nederland N.V.; Amsterdam-Rotterdam Bank N.V.; Bank Van der Hoop Offers N.V.; Bank Mees & Hope NV; Kas-Associatie N.V.; Pierson, Heiding & Pierson N.V.

**In Austria:** Creditanstalt-Bankverein, Österreichische Länderbank AG, Schoeller & Co., all in Vienna.

**In Belgium:** Société Générale de Banque S.A., Crédit Lyonnais, Kredietbank N.V., all in Brussels.

**In the Federal Republic of Germany:** Deutsche Bank AG, Frankfurt/Main, Düsseldorf, Hamburg or Munich; Dresdner Bank AG, Frankfurt/Main, Düsseldorf, Hamburg, Munich or Saarbrücken; Deutsche Bank Berlin AG, Berlin; Bank für Handel und Industrie AG, Berlin; Deutsche Bank Saar AG, Saarbrücken.

**In France:** Lazard Frères & Cie, Paris.

**In Luxembourg:** Banque Internationale à Luxembourg S.A., Luxembourg.

**In Switzerland:** Schweizerische Kreditanstalt, Schweizerische Bankgesellschaft, Bank Leu AG, all in Zürich; Schweizerischer Bankverein, Basle; Pictet & Cie, Geneva.

**In the United Kingdom:** N.M. Rothschild & Sons Limited, London.

**In the United States of America:** Shell Oil Company, Houston, Texas.

**B. Holders of registered shares of The Hague or Amsterdam Registry may attend the meeting if they make their intention to do so known to the**

Company at its office in writing not later than 5th May, 1989.

Holder of registered shares of New York Registry who are of record may attend the meeting if they make their intention to do so known to the Company at the office of Shell Oil Company in writing not later than 4th May, 1989.

**C. Holders of certificates for "New York shares", which are depositary receipts issued pursuant to an agreement dated 10th September, 1978, under which The Chase Manhattan Bank, N.A. is successor depositary, may attend (but not vote at) the meeting if their certificates for "New York shares" are deposited against receipt not later than 4th May, 1989, at the office of Shell Oil Company.**

**D. Usufructuaries and pledgees:** what is stated above under A and B regarding registration is correspondingly applicable to usufructuaries and pledgees of bearer shares or registered shares, but only if they have voting rights.


**POWERS OF ATTORNEY**

Those who wish to have themselves represented at the meeting by a proxy must not only comply with what is stated above under A, B, C and D respectively, but must also deposit a written power of attorney not later than the last day of registration applicable to them (i.e. 5th or 4th May, 1989) at the Company's office, at the office of Shell Oil Company or at the above-mentioned banks.

If desired, forms which are obtainable free of charge at the Company's office, at the office of Shell Oil Company and at the banks may be used for this purpose.

The Hague, 7th April, 1989

The Supervisory Board



**BRITISH & COMMONWEALTH**

## British & Commonwealth Holdings PLC

*Preliminary announcement of unaudited results for the year ended 31 December 1988*

	1988	1987	Increase
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
before taxation and goodwill amortisation	£164.7m	£145.5m	13.2%
<b>EARNINGS per ordinary stock unit</b>	26.1p	22.5p	16.0%
<b>DIVIDENDS per ordinary stock unit:</b>	9.25p	8.0p	15.6%

"I am pleased with the results for 1988 which endorse our confidence in the underlying strength of the Group. The changes in the constitution of the Group during 1987 and 1988 mean that B&C is now entirely a financial services group.

In 1989 B&C will be trading for its first full year as an entirely financial services group and as a result of the changes in the Group's constitution, it is likely that operating profits will have a different seasonal pattern than previously.

We believe that B&C is in a strong position to record further progress. Due to the excellent spread of businesses in the Group the long-term prospects are good."

John Gunn  
Chairman

6 April 1989

British & Commonwealth Holdings PLC, Kings House, 36-37 King Street, London EC2V 8BE.

INTERNATIONAL COMPANIES AND FINANCE

LVMH increases profits by 49% and lifts dividend

By Paul Batts in Paris

MORT Hennessy Louis Vuitton (LVMH), the French champagne, cognac, perfume and luxury goods group, yesterday announced a 49 per cent increase in consolidated net profits to FF2.2bn (\$317.4m) last year from FF1.5bn last year.

The group, which has been shaken by a fierce boardroom battle during the last year, also announced a 37.5 per cent increase in its net dividend payout to FF44 a share this year.

LVMH said its 12 per cent stake in Guinness, the UK drinks group, had directly contributed an additional 5 per cent rise in net profits last year.

It added that pre-tax operating profits, which did not take into account the Guinness stake, rose by 84 per cent to FF1.34bn. Group sales increased by 24 per cent to FF16.4bn last year, while turnover during the first two months of this year rose by 39 per cent to FF2.76bn compared with the first two months of the previous year.

The breakdown of the group's pre-tax operating profits shows that the Louis Vuitton luggage and luxury accessories subsidiary had the single biggest profit rise last year.

Soviet video game 'set to storm the world'

By Louise Kehoe in San Francisco

NINTENDO, the video game manufacturer, said yesterday it will offer the first ever video game developed in the USSR, and predicted that the game, called Tetris, will become one of its all-time big sellers.

Nintendo America, the US subsidiary of the Japanese manufacturer, said the company had entered into a worldwide exclusive licensing agreement with Elorg, the Soviet Foreign Trade Association, to market Tetris.

Mr Minoru Arakawa, Nintendo president, said the game had already sold more than 100,000 copies for use on home computers in the US and won numerous industry awards.

Bond sells holding in BHP Gold

By Chris Sherwell in Sydney

MR ALAN BOND, the Australian entrepreneur whose Bond group of companies is under financial and other pressure, yesterday continued his string of asset sales with the A\$34.7m (US\$27.8m) disposal of a stake in BHP Gold.

The disposal follows a series of announcements in recent weeks relating to Bond's assets. It also comes a day before the Australian Broadcasting Tribunal, the country's radio and television watchdog, is due to announce the findings of its lengthy inquiry into Mr Bond's fitness to hold his 15 radio and television broadcasting licences.

The BHP Gold sale, by the Bond-controlled Bell Resources, was of 72.25m shares at 48 cents a share, about 3 cents below market levels. More than half the holding went to a single unidentified Australian purchaser, the rest to international institutions.

BHP Gold is 55 per cent owned by Broken Hill Proprietary, Australia's largest company, and is involved with two of Australia's largest gold mines, Boddington and Telfer. The Bell stake, acquired when Bell built up a large holding in BHP, was equivalent to 7.5 per cent of the company.

In a swirl of other recent selling activity, Bond a month ago abandoned an assault on Lornno of the UK and put its 23 per cent holding on the market for around £365m (US\$621.4m).

Bond has also reduced its immediate financial commitments in the big Chifley Square property development in Sydney and reversed a controversial deal involving commercial land in Rome.

It is said to be considering the sale of its Bond Centre building in Hong Kong as well.

(At an extraordinary general meeting yesterday of shareholders in Bond Corporation International, the group's quoted Hong Kong arm, Mr Peter Lucas, BCI managing director, described the half-owned Bond Centre as one of its biggest successes and added: "Bond Centre has fulfilled our expectation.")

This week Mr Bond took the unusual step of writing to Bond Corporation employees worldwide to reassure them that the group is "robust and healthy."

In Australian television, Mr Bond holds his lucrative licences through Bond Media, which among other things operates Channel Nine, one of three commercial networks.

The inquiry concerns the circumstances of a A\$400,000 defamation payout to Sir Job Bjelke-Petersen, the former Queensland premier, as well as fake radio tapes submitted by Bond officials to the tribunal, and alleged threats by Mr Bond against the AMP, Australia's largest insurance and investment institution.

In February the tribunal said that on the evidence it was open for the tribunal to find against him. It listed 29 possible findings of fact adverse to Bond, but deferred a formal pronouncement.

If its initial view prevails today, the tribunal can revoke, suspend or impose conditions on the licences. But it will not decide this until it has held further hearings in May. Revocation is likely to entail a fire-sale of the media assets, almost certainly at a large loss.

Murdoch to sell some US titles

By Annette Katsky

MR RUPERT Murdoch's News Corporation is seeking buyers for several of its US magazines as part of an asset disposal and debt reduction programme.

Analysts said News Corp could raise as much as US\$500m from its travel and hotel industry trade publications, for which the company said yesterday that it had received offers. It is considering these bids at present, but denied reports that some of its consumer magazines and newspapers might also be for sale.

Yesterday's announcement followed speculation on Wall Street about how News Corp would honour the pledge it made last year to reduce its \$700 debt by about \$10m by the middle of 1989.

The promise was made shortly after the company's acquisition of Triangle Publications, the US publisher of TV Guide, Seventeen and The Daily Racing Form, for \$3bn last summer.

Since then News Corp, which had previously been one of the most aggressive companies in the global media industry, has sold magazines and property assets worth around \$600m.

Some of these proceeds, however, have been spent on additional acquisitions. And earlier this year Mr Murdoch announced a much more ambitious and complex plan to create a new international media acquisition vehicle.

News Corp is said by some analysts to be considering the sale of some of its general consumer publications, including The Star, a sensational weekly tabloid sold in supermarkets, and possibly even Seventeen, which it acquired as part of Triangle. But yesterday's announcement seemed to exclude these possibilities, at least for the time being.

Mr Murdoch has been actively seeking arrangements to sell computer software in the West as well as agreements to export US-built computers to the Soviet Union.

The Nintendo agreement is the most significant announcement to date and is likely to boost interest in Soviet software, overcoming widespread scepticism. Tetris cartridges will be available from Nintendo in the near future, the company said. The video game challenges players to race the clock to arrange falling blocks of various shapes and colours into neat rows.

Nintendo is the dominant force in the US and Japanese video games market with 1988 American sales of \$1.7bn. The company has been forced to change plans to launch its video game products in Europe due to overwhelming demand in the US as well as component shortages.

Nintendo America said there were no plans to sell Nintendo video games in the Soviet Union.

Mr Minoru Arakawa, Nintendo president, said the game had already sold more than 100,000 copies for use on home computers in the US and won numerous industry awards.

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Japan investigates Pickens Koito holding

By Stefan Wagstyl in Tokyo

JAPANESE regulatory authorities are investigating the acquisition by Mr T Boone Pickens of the US corporate raider, of a 15.2bn (\$1.2bn) stake in Koito Manufacturing, Japan's leading car lighting company and an affiliate of Toyota Motor.

The Ministry of Finance (MoF) is trying to discover how Mr Pickens, a 20.2 per cent of the company, in particular it wants to know whether he has any connection with one or more groups of Japanese speculators who had previously accumulated unwelcome stakes in Koito.

The Tokyo Stock Exchange is examining trading in Koito shares last week when the price soared by 26 per cent in advance of the disclosure of the stake held by Mr Pickens through Boone Co, a private investment partnership.

A TSE official said such investigations were routine after such an unusual movement in share prices. But foreign stockbrokers said the Mr Pickens stake in Koito would make the exchange and the MoF more keen to get to the bottom of the affair.

Greenmailing - the process whereby raiders buy stakes in order to force target companies to buy them back at inflated prices - is not illegal in Japan.

But the MoF has been trying to discourage the practice, which it believes is disruptive. Its investigation could focus on whether Boone tried to disguise the size of its stake by using nominee accounts, a practice which is legal but against ministerial guidelines.

However, it may prove a vain hunt. Several market analysts believe that Boone bought some or all of its stake from Japanese speculators, including Azabu Motor, a car sales company headed by Mr Kitaro Watanabe, a wealthy speculative investor. Azabu has in the past proved adept at disguising its holdings in Koito, which were once as high as an estimated 30 per cent, well above the 10 per cent limit at which stakes are meant to be disclosed.

Koito has said it has no idea of Boone's plans. The only previous attempt by foreigner to buy a Japanese group ended in failure when Trafalgar-Glen, a UK-US investor partnership which among other things bought the ball bearing maker, Toyota had said it will not buy Koito stock at current prices. But the company has moved in to greenmailers once before - in 1986 it bought out a speculator who had built up a stake in Toyota Automatic Loom Works, a forerunner of Toyota Motor.

Under its drastic rationalisation, Alfa decided to concentrate mainly on steel, through its Ilysa subsidiary, and petrochemicals, a sector where major opportunities were created by the Government's decision last year to open 36 production licences to investment by the private sector.

A similar number of "basic petrochemicals" is reserved for the Petroleos de Mexico (Pemex) but given the state oil corporation's lack of investment capital the private sector is optimistic about being given further scope.

Alfa will have a 40 per cent share, its affiliate Petrocel 30 per cent and Himont 30 per cent in a company called Indelpro. Its plant, using the US company's Spherulon technology, is to be located at Altamira in Tamaulipas.

Himont, with sales last year of \$1.8bn, is acknowledged as a world leader in the production of polymers and, in particular, polypropylene. The joint venture is aimed at satisfying domestic demand for polypropylene, none of which is produced in Mexico, and providing additional export capacity.

Intel to build computer for US defence

By Louise Kehoe

INTEL, the US chip manufacturer, is to develop an extraordinarily powerful computer for the US Defence Department under the terms of a contract with the Defence Advanced Research Projects Agency (Darpa). Intel will develop a prototype system that will ultimately offer performance levels 100 times greater than today's most powerful computers.

The agency will contribute \$7.5m in research funds in the next three years as part of the programme's approximate \$27.5m cost, Intel said. The company aims to demonstrate a prototype of the computer system by the end of 1991 for Darpa and also plans to develop commercial versions.

A significant portion of the funds will go towards developing software that makes the super-powerful computers as easy to use as today's computer workstations, Intel said. Touchstone, as the computer development project has been named, will be a "massively parallel" computer system. These are computers that use

closely linked processors that share the computer's load. "We expect this project to improve parallel computing performance levels 100 times over what they are today as well as create the software environment to give these powerful machines the look and feel of conventional systems," said Mr Justin Rattner, an Intel engineer.

The early prototypes will focus on computers with hundreds of processors, proving the technology for systems with thousands of processors.

The fully-owned subsidiary of Chicago's Amoco Petroleum reported a net loss of \$852m for 1988, against a profit of \$1.14bn the previous year. Amoco Canada acquired troubled Dome on September 1, 1988, and its results were included for four months.

Amoco Canada is carrying \$40m of new debt issued for the Dome takeover, and interest expenses last year jumped to \$233m from \$51m in 1987.

Heavy loss for Amoco Canada

By Robert Gibbons in Montreal

A HUGE increase in interest costs for last year's \$25.2bn (US\$4.4bn) acquisition of Dome Petroleum has brought a heavy loss for Amoco Canada Petroleum.

The fully-owned subsidiary of Chicago's Amoco Petroleum reported a net loss of \$852m for 1988, against a profit of \$1.14bn the previous year. Amoco Canada acquired troubled Dome on September 1, 1988, and its results were included for four months.

Amoco Canada is carrying \$40m of new debt issued for the Dome takeover, and interest expenses last year jumped to \$233m from \$51m in 1987.

New England utility makes \$2bn bid

By Karen Zagor in New York

NEW ENGLAND Electric System, the healthy Massachusetts utility, has bid more than \$2bn for the non-Seabrook operating assets of the beleaguered Public Service of New Hampshire.

PSNH was forced into Chapter 11 after it was barred from including the hefty debt from its Seabrook nuclear plant in its rate base. Without its Seabrook burden it would make

healthy profits. The offer includes \$1.19bn in cash, \$200m in securities and a contract to purchase power from Seabrook, valued at \$850m. PSNH will be left with about \$100m of cash from operations.

Mr John Duffett, president and chief executive of PSNH, said the company had received a substantial bid worth around \$2bn from Northeast Utilities,

and expects other offers to follow.

"We have an obligation to give those proposals due consideration," he said.

Analysts say the New Hampshire utility is particularly attractive to New England Electric because of the peak demand in New Hampshire comes in winter rather than New England's peak summer period.

COWEN (U.K.) LIMITED. Are pleased to announce their new location effective from 10th April 1989 at Marlon House 71-74 Mark Lane, London EC3R 7HS Telephone: 01-481 1270. Fax: 01-481 1270. Members of T.S.A.

DEN NORDEK STATS OJEBELSKAP A.S. FF750,000,000. Flipping Rate Notes due 1989. In accordance with the terms and conditions of the Note notice is hereby given that the Rate of Interest for the Interest Period 31st March 1989 to 30th June 1989 has been fixed at 0.025% per annum.

INVESTMENT IMPLEMENTATION COMMITTEE REPUBLIC OF GHANA. DUNKWA GOLDFIELDS LIMITED GOLD MINING CORPORATION. Complete technical and financial information is available for review at the mine site where five (5) dredges are currently operating on the Offin River near the City of Dunkwa located in the major gold province of south-western Ghana.

THE TAIWAN (R.O.C.) FUND. Notice on Distribution for 1988. International Investment Trust Company Limited, the Manager of the Taiwan (R.O.C.) Fund (the "Fund"), hereby announces that it will not make a distribution in respect of the year ended December 31, 1988 because the amount of cash dividend and interest income received on account of the Fund did not exceed its expenses for such period.

Notice of Redemption Hanil Bank U.S. \$50,000,000 Floating Rate Notes Due 1995. NOTICE IS HEREBY GIVEN that in accordance with Clause 5(b) of the Terms and Conditions of the Notes the Issuer will redeem all of the Notes at their principal amount on the next interest payment date, 15th May, 1989, when interest on the Notes will cease to accrue.

Curragh plans zinc stake. By Peter Bruce in Madrid. CURRAGH Resources, the Canadian mining group, is negotiating to buy 20 per cent of Europe's biggest zinc producer, Asturiana de Zinc, a Spanish group owned by Banco Espanol de Credito (Banesto) bank officials confirmed yesterday.

Sabic trebles net and plans public issue. By Our Financial Staff. SAUDI BASIC Industria Corporation (Sabic), the kingdom's main industrial conglomerate, more than trebled net profits last year to SR3.2bn (\$84.8m) from SR1.02bn and is planning a public share offer to raise further funds.

BENETTON GROUP SpA. a company with registered office in Pozzano Veneto (TV) Italy. Via Villa Minelli, 1; authorized capital of Lire 61,960,212,500 and issued capital of Lire 773,737,500, registered at No. 4424 of the Companies Registry of the Court of Treviso. NOTICE OF MEETING. Notice is hereby given that the Annual Shareholders' General Meeting of Benetton Group S.p.A. will be held at Via Villa Minelli, 1, Pozzano Veneto (Treviso) Italy on Friday, April 25, 1989, at 02.30 a.m. (first sitting) and, if needed, on Saturday, April 26, 1989, same time and place (second sitting) for the following purposes:

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INTERNATIONAL CAPITAL MARKETS

US Treasuries in cautious mood ahead of jobs data

By Janet Bush in New York, George Graham in Paris and Katherine Campbell in London

THE US Treasury bond market settled into cautious range of trading yesterday morning, positioning itself for today's March jobs and wages figures.

Research Bureau's index of commodity prices. A stronger than expected bid figure would set the stage for a worrying few days next week until the March producer prices index is released on April 14.

Expectations for today's figures are for a rise in the non-farm payroll of around 245,000 compared with the gain of 269,000 in February, so signally a declaration in job creation. Forecasters are also looking for a rise in the unemployment rate to 5.2 per cent or 5.3 per cent from 5.1 per cent in February.

The market is vulnerable to a set of figures which show stronger activity in the jobs market than this. After a strong run, prices appear to have become more susceptible to pressure particularly at the short-end of the yield curve where rates do not anywhere near reflect the current level of Fed funds.

The yield on short-dated issues currently stands at around 8.5 per cent after two days of modest price declines but this is still well below the Fed Funds rate of 9 per cent which has prevailed over recent weeks.

Evidence that the market is vulnerable at current yield levels came on Wednesday when prices registered small declines despite a sharp drop in crude oil prices and the Commodity

THE French government sold FF9,950bn of Treasury bonds at its regular monthly auction

GOVERNMENT BONDS

The bulk of the auction was devoted to the floating rate OAT TME 2001, a 12-year bond indexed on the monthly average yields of government bonds in the secondary market. The government sold FF9,950bn of this bond at the auction, meeting over half the demands presented, at a cut-off price of 99.00, giving a weighted average yield of 6.3 basis points below the TME index.

A further FF2,535bn was sold at the auction of the 10-year fixed rate OAT 8.125 per cent 1998. With the cut-off price fixed at 94.70, the government served less than a fifth of the heavy demand for the stock. The weighted average yield of 8.94 per cent was 41 basis points below the March auction yield.

Moody's study sees no challenge from 1992

By Norma Cohen

THE EUROPEAN integration planned for 1992 will pose little competitive challenge to the Euro market or the US and Japanese bond markets over the next five years, according to a study by economists at Moody's Investors Service.

Continued policy fragmentation within the EC is likely to only perpetuate country-by-country differences in inflation and exchange rates, making it likely that borrowers will continue to exploit differences among national bond markets. "Without clear prospects for a stable monetary framework, efficient financial pricing will be difficult; therefore borrowers and lenders will continue to favor the broader Euro market or the US capital markets or the Japanese market," says Moody's senior economist.

Also, the possible admission to the EC of one or more members of the European Free Trade Association could weaken the cohesion of the original EC bloc. In such a situation, there is little prospect of a single central bank or a Pan-European currency.

However, Mr Arezoug suggests that short of adopting a single currency, EC members may form themselves loosely into a two-tiered monetary system with the inner tier consisting of an ECU-DM block containing the currencies of France, the Benelux countries, Italy and West Germany. If such an inner-bloc of currencies did develop, it could promote creation of a ECU-bloc capital market that would absorb many issues now channelled into the Euro market.

Another stumbling block to the formation of a fully integrated European capital market concerns the inability to hammer out a uniform regulatory structure. In addition to disagreements over reciprocity of access to markets, Japan and the US's continued legal distinction between the role of banks and securities houses is hampering efforts on a cohesive regulatory structure.

EC 1992 National Policy Differences Delay Progress. Dr Kaj Arezoug, Moody's Investors Service

Japanese scoop bond auction pool

By Michio Nakamoto in Tokyo and Norma Cohen in London

THE FIRST auction of 10-year Japanese government bonds under a new system designed to allow foreigners greater access to the primary market turned out to be a huge success for the Government but a big disappointment for many of the foreign firms that had been pushing for the changes.

The auction, intended to allocate Y400bn among a wide group of domestic and foreign banks and securities firms, was said to have been allocated 20 per cent of all securities available, while a number of major foreign securities houses were said to have had every single one of their offers rejected.

"This does not mean that these firms were unsuccessful because they are foreign," said an official at Goldman Sachs, one of the few successful foreign bidders. It was simply that Japanese domestic institutions had offered bid prices so far above market levels that the bids of foreign firms were rejected, dealers explained. In total, non-Japanese houses are believed to have bought no more than Y2bn to Y3bn.

One Japanese trust bank was said to have been allocated about Y30bn, while the larger Japanese city banks were said to have been allocated Y15bn each.

But the high average bid price also meant that many domestic firms, including Sumitomo Bank, one of the major city banks, bid unsuccessfully

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But the high average bid price also meant that many domestic firms, including Sumitomo Bank, one of the major city banks, bid unsuccessfully

as well. Privately, dealers said that if the pattern at yesterday's auction persists in other JGB auctions, it will lead to charges that the Ministry of Finance's liberalisation of Japanese financial markets is a sham.

The April issue of 10-year Japanese government bonds with a 4.8 per cent coupon, the first to be auctioned on the basis of bid prices, received an average bid price of 99.91 and a yield of 4.83 per cent - well below yields currently available on other securities of similar maturity.

For instance, the JGB 108 bond which also has a 4.8 per cent coupon, was yielding 5.00/5.02 per cent at the close of trading in Tokyo yesterday.

One indication of the artificial level of rates achieved at the auction was the response of the grey market minutes after bids were submitted to the Ministry of Finance. The new bonds immediately fell to a discount of less than 95 basis points from their auction price, producing a yield of 4.96 per cent. By the end of the trading day in London, the bonds were at a discount of less than 65 basis points.

The total amount of bids received at Y2,086.2bn was more than five times the expected market level of about Y390, reflected what many saw as excessive competition.

Global visionary takes over at S-E-Bank

Sara Webb profiles a big Swedish bank's new chief executive

When Mr Jacob Palmstierna formally takes over next Tuesday as group chief executive and chairman of the executive management at Skandinaviska Enskilda Banken, his primary goal will be to push ahead with plans to make Sweden's leading commercial bank even more international in nature.

It's a goal he has devoted himself to in recent years, as president of the bank and a member of its executive management. He sees the bank's Swedish orientation as a weakness which must be corrected. Described by one colleague as "a man of vision and considerable intellect who doesn't suffer fools gladly," Mr Palmstierna has already done much to develop S-E Bank's international side. He was appointed head of the bank's international business operations in 1982, and pushed for the bank to develop services for Sweden's major industrial companies (which are eagerly expanding abroad) and to build up a network of offices overseas.

One reason for this was the increasing competition for corporate customers in Sweden. For while S-E Bank has traditionally been the Wallenberg family's house bank - boasting a special relationship with such Wallenberg blue chips as Atlas Copco, Asea, Ericsson, Electrolux and Stora, the

increasing competition in the Swedish financial markets following the deregulation and liberalisation of the 1980s has no longer assured the leading bank of its customers.

Companies have been given more freedom to pick and choose between the banks in Sweden and have put considerable pressure on the banks to spruce up the kind of services they offer - not only to keep existing companies faithful but also to attract other corporate customers.

Mr Palmstierna was also instrumental in building up Enskilda Securities, the bank's securities business in London. Initially the idea was to participate in bond trading, but faced with tough competition and slim margins in London it turned to the equities business instead in 1985.

So when the Swedish Government doubled the turnover tax on equities traded on the Stockholm Stock Exchange in 1986 which caused business with foreign investors to flow to London, Enskilda was well placed to reap the benefits of its international contacts and exploit its Scandinavian expertise.

Mr Palmstierna has been a banker throughout his working life, starting in 1960 at the age of 26 at Stockholm's Enskilda Bank, the Wallenberg family bank which merged with Skandinaviska Banken in 1972 to



Jacob Palmstierna: 'not squeamish about sackings'

creates S-E Bank.

While his aristocratic family connections no doubt helped open the door to a place at the bank (his mother was a cousin of the legendary Marcus Wallenberg) no one disputes his talent as a banker nor his genuine charm, although not everybody appreciates his reputation as a tough master "who is not at all squeamish about demoting or firing people."

His visions are not always so well received either - often for the wrong reasons. When Mr Palmstierna once outlined in a magazine interview his grand plans for the creation of a Nordic megabank which would be

big enough to compete with the European giants and consist of S-E Bank, and its Scandinavian banking partners - Bergen Bank of Norway, Privatbanken of Denmark and Föreningsbanken of Finland - it ruffled quite a few feathers and put several noses out of joint in the other Nordic countries.

"That was vintage Jacob," says one friend. "He says the unpalatable truth and is not always as diplomatic as he could be." Nevertheless, other banks in the Nordic area subsequently became more aware of the sense of such a strategy as they realised that competition in the European market is set to increase during the 1990s.

Mr Palmstierna recently expressed his desire to expand S-E Bank's international network further and eventually seek listings in London, Frankfurt, Paris, Tokyo and New York.

Like the other Swedish banks, S-E Bank has flourished in the atmosphere of the deregulated markets. The bank has witnessed three strong years in a row in terms of profits and even if - with characteristic caution - Mr Palmstierna warns of tougher times ahead in the 1990s, he has good reason to believe that the 1989 profits should be at least as good as last year's.

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Bid Date, Price, Change, Yield, Week age, Month age. Includes UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY table showing percentage changes for British Shares, Industrials, Financials, etc.

LONDON RECENT ISSUES table listing various financial instruments and their prices.

FIXED INTEREST STOCKS table listing interest-bearing securities and their yields.

RIGHTS OFFERS table listing company rights issues and their terms.

TRADITIONAL OPTIONS table listing various options contracts and their prices.

LONDON TRADED OPTIONS

Large table of LONDON TRADED OPTIONS with columns for Calls, Puts, and various stock options.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table of FT-ACTUARIES SHARE INDICES showing performance of various equity groups and sub-sections.

FIXED INTEREST

Table of FIXED INTEREST rates and yields for various maturities and instruments.

DARTFORD AND THE THAMES CORRIDOR advertisement for a survey on the above on 28th April 1989.

## UK COMPANY NEWS

## Write-offs trim B&amp;C to £123m

By Clay Harris

BRITISH & COMMONWEALTH Holdings, the financial services group, yesterday reported pre-tax profits of £123.8m for 1988, 6 per cent lower than the £130.9m reported for the previous year.

The decline was entirely attributable, however, to B&C's need each year to write off a proportion of acquired goodwill because of an accounting policy which took effect in 1987. Before goodwill amortisation of £41.5m (£14.6m), operating profits were ahead by 13 per cent to £164.7m (£145.5m).

Mr John Gunn, chairman, said he was "extremely pleased" with B&C's performance in the tough post-crash environment. The benefits of reshaping B&C into a pure financial services group would become more apparent in 1989, he said.

Nevertheless, B&C reported lower contributions from some of its key activities, including moneybroking, where profits from world market leader Exco fell 15 per cent short of the £44.7m achieved in 1987's volatile markets despite cost-cutting.

Profits from investment management also fell, from £14.9m to £9.5m, as the contribution from Garmore's unit trust activities plummeted to £400,000 from £11.1m.

This reflected the absence of "box" profits after the trading

rules change last year, a lower level of unit sales and the costs of implementing the Financial Services Act. For the group as a whole, Mr Gunn estimated that the Act cost an initial £2m, plus the same amount again each year.

Unit trust difficulties were partially offset by increased profits from Oppenheimer, the US fund-management subsidiary, and Garmore's growing pension-management side.

Acquisitions helped to make up the shortfall from these divisions, with Atlantic Computers contributing £38.7m in its maiden four months.

The professional services companies which entered the group with Abaco clipped in £11.2m, against £1.5m in 1987, when it was a 26 per cent associate. This division yesterday announced the purchase of the 45 per cent minority in Mortgage Systems, the largest UK mortgage administration company.

Mr Gunn said it was now possible that William Street Holdings, the US government securities broker B&C bought as part of Mercantile House Holdings in 1987, would remain part of the group throughout 1989.

B&C originally agreed to sell William Street and M.W. Marshall, Mercantile's moneybroking subsidiary, to US-based Quadrex Holdings, a deal

which broke down in February 1988 and has been the subject of litigation ever since.

Marshall was sold for £174.5m in February this year to a management-led consortium; B&C's efforts to repeat the pattern at William Street have not yet proved successful. In the meantime, B&C will hold William Street as an investment, rather than equity-account its results.

Group turnover rose by 5.3 per cent to £365.8m (£319.7m). A tax charge of \$46.2m (£53.3m) reflected a lower effective rate of 28 (38.7) per cent on operating profits as a result of allowances available in computer services and leasing. Amortised goodwill is not tax deductible. Profits of £3.7m

(£7.1m) were attributable to minorities.

The £365m disposal of most of Ebricom, the commercial and service subsidiary, to management gave rise to an extraordinary credit of £104.9m, but this was reduced to a net £69.1m (£30m debit) because of losses on disposal and closure of subsidiaries and another £9.8m provision relating to Keynes, the now-closed commodities trading operation.

Fully diluted earnings per share rose by 13 per cent to 24p (21.5p) before amortisation, but fell by 15 per cent to 15.3p (17.9p) after amortisation. A final dividend of 5.25p (4.5p) will raise the total by 16 per cent to 9.25p (8p).

See Lex

	OPERATING PROFIT (£m)	
	1988	1987
Moneybroking	37.8	44.7
Investment management	4.5	14.9
Banking	4.2	3.1
Professional services	11.4	1.8
Computer services	33.7	-
Property	7.2	2.2
Leasing	14.7	8.1
Development capital and investment	15.5	46.0
Commercial and service activities	21.8	30.5
Other	41.4	25.1
Central costs (including interest)	(11.0)	(7.1)
	189.5	170.3

Includes Marshall and London Forfeiting

## De Savary to comment on Blue Arrow loan

By Vanessa Houlder

MR PETER de Savary, the international yachtman, is expected to comment today on speculation that he is connected with the mysterious £25m loan made by Blue Arrow, the embattled employment group.

Doubts about the recoverability of the loan have caused intense disquiet amongst investors, since its existence was disclosed at a stormy annual meeting on Monday. Mr de Savary has been drawn into the speculation because of his partnership with Blue Arrow in the America's Cup Challenge.

In particular, the City has speculated that the money had been loaned to help finance an investment in San Diego, California, where the America's Cup Challenge was due to be held until last month when the venue was moved to New Zealand.

Mr de Savary, who has been cruising on the Rhine, has been unavailable for comment this week. However, yesterday, his spokesman relayed a message that he would talk to the press this afternoon.

Highland Participants, the oil and gas company chaired by Mr de Savary, yesterday denied any connection with the loan. A spokesman for the America's Cup Challenge has also denied any knowledge of the loan.

The loan is understood to have been made at some stage in the 10 weeks before Mr Tony Berry, Blue Arrow's founder and deposed chairman, was stripped of his executive duties on January 13. The Blue Arrow board has steadfastly refused to comment on the loan, apparently for legal reasons.

James Capel, Blue Arrow's broker, yesterday denied that it was unhappy about Blue Arrow's management of the affair. Mr Peter Quinnen, chairman, said that the Stock Exchange was satisfied with the level of disclosure made.

Mr Mitchell Fromstein, chairman, has confirmed that he intends to sell Blue Arrow Business Travel and Trevor Bass Associates, its financial public relations company.

## Reckitt's earnings boosted by lower interest charges

By David Walker

RECKITT & COLMAN, the household products, food and drugs group which has Disprin and Detol among its many brand names, increased its pre-tax profits by 14 per cent to £191.25m during 1988.

Trading profits rose by 10 per cent to £197.86m, while earnings advanced by 19 per cent, from 68.2p to 80.89p per share, reflecting the benefits of a halved interest bill and a reduced tax charge.

Turnover fell from £1.48bn to £1.38bn, mainly because of a programme of disposals. According to Sir Michael Colman, the chairman, the underlying rate of sales growth was 7 per cent. Currency had its effect, clipping turnover by £70m and pre-tax profits by £7m on translation into sterling.

A final dividend of 16.95p (13.9p) per share takes the total payout to 25.5p (21.7p), an increase of 17.5 per cent.

Sir Michael was keen to point out the group's healthy cash generating capacity and the strength of its balance sheet; net cash generated last year was £78.25m whilst borrowings at the year end stood at a net £1.65m, leaving the

group virtually ungeared. By far the biggest contribution to profits comes from household and toiletry products, where profits last year rose from £84.27m to £85.17m on turnover up from £689.61m to £716.50m.

Sir Michael said that the division's profits had benefited from the assimilation of the businesses acquired over 1987-88. Existing brands such as Robinsone's increased their share of the UK market while the Airwick air freshener range did particularly well.

The pharmaceutical division improved its profits by 16 per cent to £30.28m on turnover up 10 per cent to £148.06m.

Profits in the UK rose by 18 per cent to £59.87m; in continental Europe, by 17 per cent to £22.95m and in the US by 22 per cent to £18.5m. Difficult economic conditions in Latin America drove down the profits contribution there from £15.4m to £11.8m.

At the pre-tax level, yesterday's figures from Reckitt & Colman were at the lower end of expectations. But the unfore-

seen drop in the tax rate from 33.4 per cent to 33.3 per cent - meant that earnings were ahead of prognostications. The fall in the tax rate is not mere financial legerdemain. It illustrates the success of the company's strategy of shifting more of its business into the UK, continental Europe and the US. In 1988, for example, 22 per cent of profits came from Africa - last year, only 7.5 per cent. The figures reflect well on the quality of Reckitt's management, as it operates in basically mature markets. It is impressive that old-established brands such as Robinsone's should be able to improve market share - and that new brands such as the Airwick Magic Mushroom should do so well. To add impetus to the profits growth, acquisitions are required - and with nil gearing, the company is clearly in a position to buy what it likes. The danger is that it will pay too much, but it managed to avoid doing so in the case of Durkin and Airwick. Down to 1988 yesterday, the shares are a sound hold on a multiple of 11.5 assuming pre-tax profits of £218m-£220m this year.

## MAI is 'mystery' suitor for Addison

By Ray Bashford

THE DEEP divisions within the board of Addison Consultancy became public yesterday

when two directors announced that they had appointed a merchant bank to advise on a possible bid for the design and market research company.

Ms Liz Nelson and Mr Tony Cowling, who are in charge of Taylor Nelson, Addison's market research company, are strongly opposed to a possible bid from MAI, the financial services and advertising group.

MAI, confirming three weeks of speculation, yesterday said that it was the "mystery" group planning an offer for Addison. An "advanced stage of discussions" had been reached, MAI said.

Mr Clive Hollick, MAI's managing director, said Addison's attraction was its market research operations, which would remain after the management buy-out of the public relations arm is completed and when the expected sale of

the design company is completed.

However, Ms Nelson and Mr Cowling, oppose a loss of independence to MAI. They are understood to have known in advance that Motivaction, a privately owned French market research company, would buy the 14.7 per cent stake acquired in Addison last Thursday.

The two directors are also believed to have held discussions with the French group about establishing a television rating monitoring system in the UK and the US, based on a French model.

Mr Clive Hollick said that the offer price would not be "substantially different" from yesterday's closing price of Addison shares of 46.5p - up 1.5p on the day.


## Pledge over bid for Magnet

By David Walker

BANKERS TRUST said yesterday that it was "fully aware" of the institution's concern. "We are doing our best to find a way of resolving the problem," the bank said. "As far as we understand it, it is a question of the mechanics of the offer rather than its value."

The fear is that Sun Life could use its holding to block the entire deal, as it is likely, but not certain, that to be successful, the offer will require 90 per cent acceptances for each category of share.

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Net assets per share  
up 82.7% in 1988.

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## Yet again, we reveal impressive results

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In addition to the 82.7% rise in net assets, operating profit before taxation and profit on sale of investment property increased by 54.5% from £0.45m to £0.7m.

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potential. It currently enjoys strong liquidity and is in a good position to take advantage of opportunities both in the UK and the USA.

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The Board looks forward to continuing the ten year record of above-average growth.

### Capital and Regional Properties plc

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TELEPHONE: 01-730 5565

The contents of this advertisement are based on the Annual Report and have been approved by the Company's auditors, Messrs. Skidmore, Hayward, & Smith, authorised by the ICAEW. Copies of the Report are available from the Company Secretary.

## Portals

BANKNOTE AND SECURITY PAPER - WATER TREATMENT - TECHNOLOGY PRODUCTS AND PROPERTY

## PRELIMINARY RESULTS 1988

Year ended 31st December	1988 £'000	1987 £'000
Turnover	243,817	200,008
Profit before taxation	23,511	21,096
Profit after taxation	15,260	14,436
Earnings per share		
- basic	25.86p	25.56p
- fully diluted	24.09p	23.57p
Ordinary dividends	10.00p	9.10p

- \* 1988 a recovery year
- \* Conditional sale of Water Treatment Division (excluding Houseman) to Thames Water Authority
- \* 1988 property revaluation surplus £9.4m
- \* Excellent performance from papermaking
- \* New strategy, including focus on safety, security, and control products, systems and services

"1989 has begun well,  
with a significantly stronger order position...  
Our task is to realise the potential"

Julian Sheffield, Chairman

## Portals Holdings PLC

Laverstoke Mill, Whitchurch, Hants RG28 7NR

UK COMPANY NEWS

Portals profits up 11%

By John Riddling

**PORTALS HOLDINGS**, the papermaking and water treatment company, yesterday announced an 11.4 per cent rise to £23.51m in taxable profits for 1988 despite sharply reduced profits in its water treatment division, which it has agreed to sell to the Thames Water Authority.

Turnover increased 22 per cent to £243.52m, and fully diluted earnings per share edged up to 24.09p (23.57p). The proposed final dividend is 6.8p giving a total for the year of 10p (9.1p).

The principal papermaking division saw profits improve 45 per cent to £11.58m, reflecting substantial improvement in sales. Its main customers include the Bank of England and De La Rue.

The technology products division, which was formed during 1988, through the merger of Portals Engineering, Portals Computer Technology and the acquired Paragon, realised profits of £3.5m.

A serious setback was suffered, however, at the water treatment division with profits more than halved from £5.2m to £2.2m. The damage occurred in the first half as a result of a management failure at its Australian Permutit subsidiary, Houseman, the supplier of water treatment chemicals which is not part of the deal with Thames Water, reported profits in the region of £1.7m.

**COMMENT**  
The sale of its troublesome water treatment business pleased the City and pushed Portals' shares up 7p to 325p. Certainly, the shedding of a difficult business area on the terms achieved justified the reaction. Although the rise of the "green issue" suggests that the disposal of business has improving potential, the market is very competitive and Portals is not equipped to supply the investment and expertise needed to realise it. With the business gone, Portals can now focus on developing its more lucrative products, particularly in the security paper area and at Houseman, which appears to have very good short term prospects. Moreover, the disposal gives it more funds to carry this out. Analysts are, however, less certain about prospects for its security equipment products and point out that expectations of profits from property sales may have been exaggerated. All told, and including an estimated £1.2m in interest from the proceeds of the sale, profits this year should be in the region of £26m - placing the share on a prospective multiple of 12. While the disposal may increase Portals' attraction, the 27 per cent stake held by the Bank of England suggests that bid speculation is currently misplaced.

Reaping the rich rewards of growth

Nikki Tait on the departure of Hillsdown's co-founder David Thompson

**A** SUNDAY magazine recently published a survey of Britain's richest men. Among the top 20, only two were unphotographed. One of them, ranked 19th, was David Thompson, the co-founder of Hillsdown Holdings.

Yesterday, there was no sign that Mr Thompson - having just crystallised £14m from the placing of his remaining 15 per cent stake in the food, furniture and property group - intended to break this media avoidance habit of a lifetime. His London office did not expect him back yesterday, and was politely taking messages.

So it was left to Mr Harry Solomon, the solicitor who founded Hillsdown alongside Mr Thompson in the mid-seventies, to speculate what might be planned for the hefty cash balance. "I know he has extensive horse-breeding interests, stud farms around Newmarket - but I really can't say," he volunteered.

What 53-year-old David Thompson's personal reticence cannot conceal is the rewards which the phenomenal growth of Hillsdown over its fourteen-year life - much of it, acquisition-led - have brought him, nor the relief which the company appears to feel at the removal of this potential share overhang. As Mr Solomon put

it: "For the past few months, it's been the first question everyone asked. We hope this resolves the uncertainty." So do many City analysts. But some are still uncertain as to whether this will be the answer to all Hillsdown's recent rating problems. "In theory, this could be the most important day of Hillsdown's life for two years," said one, "but in practice, I'm not so sure."

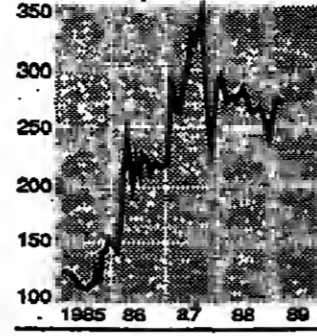
The Hillsdown story has been well-told - starting back in the sixties when Mrs Thompson is reputed to have met Mrs Solomon at an ambulance clinic. Their respective husbands subsequently forged business links and in the mid-seventies Hillsdown itself was formed.

There followed the purchase of some sizeable, but very poorly performing, but very profitable businesses, not least of which was the acquisition of the egg and poultry interests from Imperial Group in 1982. Ironically, this brought the David Thompson's family meat trading business into the Hillsdown fold.

When the group floated with a price-tag of £274m in 1985, sales were just under £1bn. But in the post-floatation period and in the bull market run, Hillsdown became almost synonymous with acquisitions. For much of this time, Mr Thomp-

Hillsdown Holdings

Share price (pence)



son was seen as the deal-origination; Mr Solomon as the rather staid, day-to-day management lynch-pin.

It was in April 1987 that the first formal severance came. David Thompson placed half of his holding - by then down to just under 30 per cent - and raised £14m, pledging to keep his remaining 15 per cent until January 1989 at least. He also stepped down as joint chairman, becoming a non-executive director.

Detailed reasons for the timing of this split - to all appearances, entirely harmonious - have never been discussed. But since then, David Thompson has gone very much his own way - becoming

involved on the quoted company stage, principally with property businesses like Glenfries (now Union Square) and Marler Estates.

Hillsdown, too, has appeared to have changed its character somewhat - partly, but not entirely, as a result of the changed market conditions. Having geared up substantially when it bought Maple Leaf Mills of Canada in summer 1987 - at £16m its largest single deal - much of the recent emphasis has been on debt reduction, and an apparent consolidation of the business.

But, despite a consistent profits growth, the market has not loved the group over this period. As one analyst pointed out, the shares have gone from standing at a prospective rating that was at a 25 per cent premium to the market to one which is at a similar discount.

Reasons attributed have been various: the fact that Hillsdown, where sales topped £2.5bn in 1988, looks as much like a conglomerate as a food company; the question of whether its food interests are still too close to the "raw material" end; the gearing level; the Catch-22 of whether it needs acquisitions to sustain growth, which in turn might mean further share issues; and, the most ready excuse of all, the potential overhang of Mr Thompson's holding.

Yesterday's placing seems to suggest that Mr Thompson had decided that waiting for an upturn in the rating, when his stake was a factor in holding it back, was likely to be a lengthy and possibly futile exercise. The company itself was quick to express gratitude.

But analysts' feelings remain mixed. Most are glad to see the most obvious stumbling-block to a better rating removed, but some are wary of viewing this as an answer to all the problems.

"I think they've probably passed the halfway mark in reshaping of the business, but the market may still want to see more of the same," one commented.

"How do you rate the company," moaned another. "If I knew the answer, I'd be sitting on a sunny beach."

Boase Massimi clarifies client reaction to bid

**BOASE MASSIMI** points out that the UK advertising agency which is facing a £108m bid from the smaller French advertising company BDDP, yesterday clarified the response which it has received from clients, writes Nikki Tait.

It said that letters had been received from 21 UK advertising clients, and that billings for these clients represented

over 73 per cent of current-year billings for BDDP Davidson Pearce. Certain of these clients - representing some 32 per cent of billings - had indicated that they would "consider carefully" their continuing relationship with the group if ownership changed.

An independent survey by Campaign showed not a single client supporting BDDP's bid.

US union leader speaks in support of Minorco

**AN INFLUENTIAL** New York trade union leader has spoken in support of Minorco, the South African-controlled investment company, during its US court battle with Consolidated Gold Fields, the diversified UK mining group, writes Kenneth Gooding.

Mr Victor Gotbaum, former leader of New York City's civil service union, in a deposition to the court contrasted Mr Harry Oppenheimer's Anglo American Corporation of South Africa, Minorco's parent, with Gold Fields of South Africa, the mining company 38 per cent owned by Gold Fields of the UK and the directors of which include Mr Randolph Agnew, Gold Fields chairman.

Mr Gotbaum said he had known Mr Oppenheimer for six years and "as a union leader would not hesitate to deal with any company associated with him or Anglo American."

In contrast, said Mr Gotbaum, "GfSA's record on race relations and unionism is so bad that any responsible American company should be ashamed to be associated with them."

Minorco's deposition enlarged on Mr Gotbaum's by stating that GfSA "has one of the largest private armies in South Africa, complete with dogs, armoured vehicles and its own patented rubber bullets which it uses to respond to labour strikes."

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corres. pending dividend	Total for year	Total last year
Aspec Brk Parts	8.5	May 28	5	10	7.5
Barrat (William)	4.71	July 4	1.1	7.55	6.476
Barrat (Helen)	1.587	-	1.1	1.1	3.4
Britannia Group	3.1	-	2.5	4.5	2.5
Capital & Reg S	0.4	June 2	0.2	0.6	0.3
Daniels (S)	1.25	-	2	2.6	3.25
Dolphin Pack S	1.874	-	2	1.87	3.2
Druck S	2	-	2.2	2.2	6.2
Fisher S	2.7	May 12	2.5	3.45	3.25
Guinness	8	May 30	6.2	11.5	8.2
Hiscock Johnson	3.5	June 18	2.6	3.5	4
Klein-Tank S	0.5	June 1	0.5	0.5	1.3
Ltd & Manchester	7.057	June 9	5.825	10.35	8.898
Magnetic Mat S	0.8	May 12	0.9	-	2.9
Maxwell Comm	61	June 3	-	-	14
Meadoc S	1.85	-	1.6	3.8	3.2
Meserve S	3	-	2	4	3
Oliver (George)	12.4	-	10.3	15	12.5
Portals	8.8	July 3	6.2	10	9.1
Rennison	0.267	-	-	2.28	1.9
Quorum Invest	1.221	June 23	6.125	5	4
Quorum Group	1.914	-	-	-	1.9
Reckitt & Colman	18.35	July 4	13.9	25.5	21.7

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡SCM stock. §Unquoted stock. ¶With market. †Carries scrip-option 3For seven months. ‡Second interim dividend for 1988, current period 15 months to March 31, 1989.

This announcement appears as a matter of record only March 1989

**London and Manchester (Mortgages) (No. 3) Limited**

**£49,750,000**  
Medium Term Loan Facility

Arranged by  
**Dresdner Bank Aktiengesellschaft** London Branch

Subordinated Debt of £2,250,000  
Provided by  
**Dresdner Bank Aktiengesellschaft** London Branch

Senior Debt of £47,500,000  
Provided by  
**NORDEUTSCHE LANDESBANK GROSZENTRALE** London Branch

BKG: Bank London Branch  
DSL: Bank Luxembourg  
Sal. Oppenheim Jr. & Cie.  
Bayerische Hypothek- und Wechsel-Bank AG  
Hamburgische Landesbank London Branch  
VEREINS-UND WESTBANK INTERNATIONALE  
Société Anonyme  
Bremer Landesbank  
LANDESBANK RHEINLAND-PFALZ INTERNATIONALE SA

Agent Bank  
**Dresdner Bank Aktiengesellschaft** London Branch

English Legal Advisers to the Agent  
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Dresdner Bank

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How will I know when to take my profit?  
Who will advise me to buy, sell or hold?

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(Auth. Stock Brokerage Company)

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Telephone: +45-1-893234. Fax: +45-1-152290. Telex: 18745 sidat dk. Reuter: SDSE-K. Teletext: 9334.

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Copenhagen - Helsinki - Oslo - Stockholm - London - Manchester - New York (Mid 88) - Singapore - Tokyo.

This advertisement appears as a matter of record only - February 1989

**The Old Park Lane Group of Companies**

**£22,000,000**  
Secured Property Investment Facility

for  
**Old Park Lane Heathrow Limited**

Mezzanine Finance provided by  
Charterhouse Bank Limited  
Crédit Agricole, London Branch

Senior Debt provided by  
Charterhouse Bank Limited  
Crédit Agricole, London Branch  
Saudi International Bank  
The United Bank of Kuwait PLC  
AL-BANQUE AL-AHRA AL-ALAMI LIMITED

Agent  
**CHARTERHOUSE BANK LIMITED**

**CHARTERHOUSE**  
A MEMBER OF THE CHARTERHOUSE GROUP

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. Application has been made to the Council of the Stock Exchange for the grant of permission to deal in the Ordinary shares of the Group, issued and to be issued, in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

**PORTH GROUP PLC**  
(Incorporated in England under the Companies Act 1985 Number 2130443)

Placing by  
**Albert E Sharp & Co.**  
of 5,000,000 Ordinary shares of 5p each at 100p per share

SHARE CAPITAL

Authorised	Issued and to be issued fully paid
£ 800,000	£ 689,545
£ 1,545,455	£ 1,545,455
£ 2,345,455	£ 2,235,000

Ordinary shares of 5p each  
Cumulative Redeemable Preference shares of £1 each

No application has been made in respect of the Redeemable Preference shares for grant of permission to deal in the Unlisted Securities Market as they are to be redeemed out of the proceeds of the Placing.

The Group is a manufacturer and distributor of Christmas decorations.

Albert E Sharp & Co are making 1,250,000 Ordinary shares of 5p each available to Stock Beech & Co for distribution to its Clients.

Particulars relating to the Group are available in the Extel Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 21st April 1989 from:

Albert E Sharp & Co  
Davies House  
1 Sun Street  
London EC2A 2EP

Albert E Sharp & Co  
Edmund House  
12-22 Newhall Street  
Birmingham B3 3ER

7th April 1989

UK COMPANY NEWS

Ibstock Johnsen advances to £56m

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Ibstock Johnsen, one of Britain's three remaining independent quoted brick manufacturers, last year jumped 57 per cent to £56.31m. Turnover increased from £145.44m to £387.75m during the 12 months to end-December. Profits and sales were boosted by Ibstock's increased stake in its Portuguese forest products and ceramic sanitaryware business.

down by about a tenth last year. In dollar terms, US profits rose 23 per cent to \$16.5m assisted by increased capacity and a better product mix. After conversion to sterling, however, the rise was held to 13 per cent at £8.68m (£7.67m). Earnings per share rose from 15.33p to 18.71p after deducting minorities of £3.63m from Companhia de Celulose de Celma, which looks after the forest products and ceramics businesses.

housing market in the north east of the US was in decline last year and is unlikely to see any improvement this year. The decline in the UK is more recent but has spread from southern England and East Anglia into the Midlands. Up to 55 per cent of Ibstock's profits in the UK and 60 per cent in the US come from new house-building. It will, however, have the benefit of increased capacity and a 4 per cent price rise in the UK. Profits in the US will be underpinned by new acquisitions and greater efficiency which will produce cost savings and higher concentration on higher margin products.



Richard Boxall: vulnerable to new housing market.

good times cannot last for ever. Ibstock has a good mix of quality products and has been increasing brick sales for commercial and industrial developments in the UK and US, both of which remains strong markets. In the short term, however, Ibstock is unlikely to improve on a prospective p/e of just over 8 on pre-tax profits of £56m.

Higher occupancy rate boosts Queens Moat to £42m

By Clay Harris

QUEENS MOAT Houses, the provincial hotels group in Britain and four continental European countries, lifted pre-tax profits by 70 per cent to £42.2m in 1988. The pre-tax increase from £24.8m came on turnover ahead by nearly 50 per cent to £264.4m (£184.5m). Aided by a tax charge which fell from 20 per cent to 17.3 per cent, fully diluted earnings per share rose by 44 per cent to 7.9p (5.47p).

will raise the total by 20 per cent to 2.28p (1.8p). Queens Moat signalled an effective dividend rise of at least a 25 per cent in 1989, saying it would maintain the new payment on share capital increased by a one-for-four scrip issue also announced yesterday. The total value of the group's hotel properties exceeded £11m for the first time at the year end. The annual independent revaluation showed a surplus of £170m to raise the total to £1,058m. Net assets per share rose from 100p to 135p.

In the UK, at present, this means building rather than buying, even with the long lead-times this involves. Nevertheless, its nearly 9 per cent stake has looked a buy in the future of Vaux Group, perceptively described by Queens Moat chairman Mr John Baird as an "hotel company with a brewery attached". The tax charge is more than a one-off pleasant surprise, as the group has negotiated what amounts to all West German tax liability into 1990. On the other hand, higher German interest rates makes foreign currency borrowing a neutral factor rather than the advantage it has been in recent years. Gearing remains stable at about 60 per cent, after the yearly property revaluations are taken into account. Assuming pre-tax profits of £56m, the shares remain attractive on a fully diluted prospective p/e of less than 15.

L and M rises 21% despite housing slowdown

By Nick Bunker

LONDON and Manchester Group, the life assurance company, has delivered a 21 per cent increase in after-tax profits to £14.64m in 1988, but warned that the downturn in the housing market was hitting profits from its 54 estate agency outlets.

Estate agency profits were up 55 per cent at £2.4m for the 12 months to December 31, but this reflected an expansion in the number of branches. The Exeter-based company still managed a big increase in earnings through mortgage lending, where profits were up 45 per cent at £2.07m. The reason lay in strong growth in the mortgage book, 39 per cent up at £51.6m.

collect premiums door-to-door via a huge sales force. L and M's efforts to inject itself with new life over the last three years have been well come, giving it an operational edge perhaps over three old quoted rivals in the home service life market, Pearl, Refuge and Britannic Assurance. But the fact that it chose to do so largely by thrusting into mortgage lending and estate agency network has left it heavily

exposed to the housing market. As the latter has dropped, so have prospects for further out-performance by L and M's shares. All the more so now that the takeover speculation that swirled around the group throughout 1987 and the first nine months of 1988 has ebbed away, as more UK life assurance bids by European insurers have failed to materialise. The dividend is still covered 1.2

times by life profits, a high figure by historic standards. But given the housing market stagnation, it is hard to see the group managing more than an 8 per cent rise in earnings per share this year, suggesting a total 1988 dividend of about 12p. On yesterday's closing share price, down 4p at 276p, that would make the prospective gross yield about 5.8 per cent.

BOARD MEETINGS

Table listing board meetings for various companies including Aspen Communications, Hinds Invest, and others.

Swire Pacific Limited

1988 Final Results

The profit for 1988 before extraordinary items was HK\$3001.7 million, an increase of 25.3% over 1987. Additionally, there were extraordinary profits of HK\$365.9 million (1987: nil). The audited consolidated results were:

Table showing 1988 Final Results for Swire Pacific Limited, including Turnover, Operating Profit, Net Finance Charges, and Earnings per Share.

The profit for 1988 before extraordinary items increased by 25.3% and additionally there were extraordinary profits in 1988 of HK\$365.9 million, comprising the Group's share of profits relating to the disposal of Hongkong United Dockyards of part of its dockyard site net of relocation and other expenses, and to the disposal by Swire Pacific of associated development rights. Earnings per share have been calculated by reference to the profit before extraordinary items and the weighted average number of shares in issue during each year.

Financing. Net borrowings at 31st December 1988 amounted to HK\$604.8 million compared with HK\$631.5 million a year earlier. There was a significant decrease in net borrowings of Cathay Pacific Airways mainly reflecting the strong cash flow generated from operations, and a reduction in unrealised exchange losses in respect of long-term obligations caused principally by the strengthening during 1988 of the Hong Kong dollar against the currencies of those obligations.

Cathay Pacific Airways raises long-term finance in currencies in which it has substantial positive cash flows. This is done to avoid any need to purchase foreign exchange in order to settle the resulting repayment obligations. It also ensures that exchange fluctuations affecting the value of such obligations in those currencies are effectively hedged by corresponding, but offsetting, fluctuations affecting earnings. Forecast surplus foreign currency earnings exceed the relevant interest and loan repayment commitments in any year and hence a hedged position is maintained.

Prospects. 1989 has started well for both the aviation and property divisions. Despite delays in scheduled deliveries of new Boeing 747 aircraft, Cathay Pacific Airways expects another good year, provided that current generally favourable economic conditions continue, whilst Swire Properties looks forward to increasing income from its investment properties as its profits from developments for sale decline as planned.

The Annual Report for 1988 will be sent to shareholders on 3rd May 1989.

D.A. Gledhill Chairman

Hong Kong, 30th March 1989

Swire Pacific Limited The Swire Group Swire House, Hong Kong.



IBSTOCK JOHNSEN P.L.C.

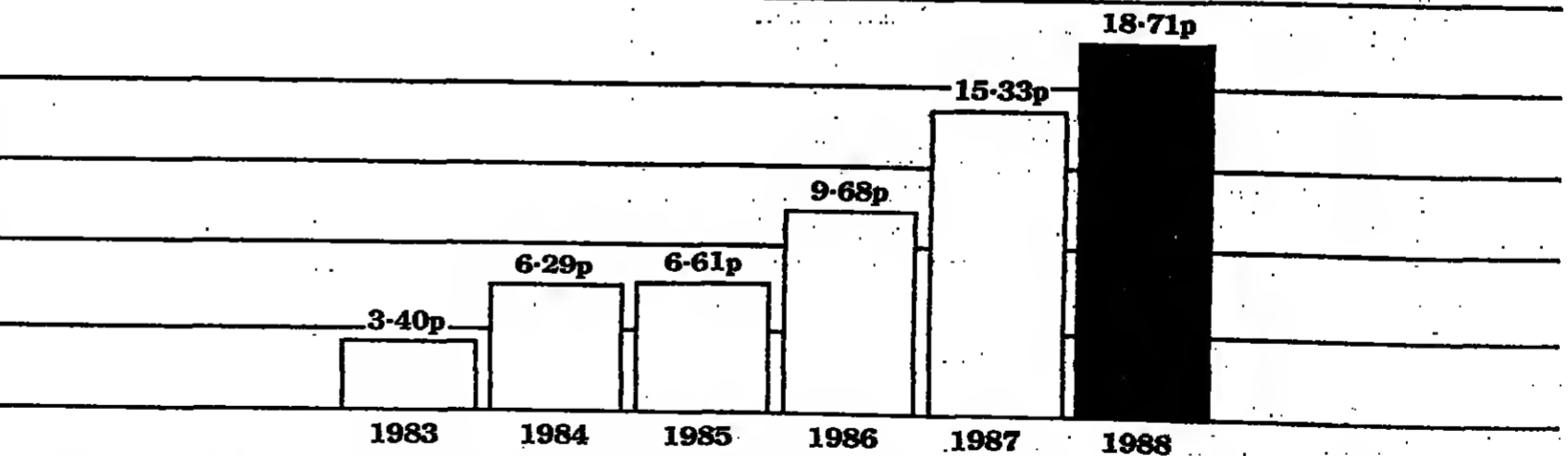
Highlights of the Year Ended December 1988

57% INCREASE IN PRE-TAX PROFIT TO £56.3 MILLION

22% INCREASE IN EARNINGS PER SHARE

37.5% INCREASE IN DIVIDEND PER SHARE

Earnings per Share Performance



40% COMPOUND INCREASE IN EARNINGS PER SHARE SINCE 1983

Extract from the Preliminary Announcement

"In 1988 the Group spent £75 million on acquisitions and capital investment. The benefits are already starting to flow through.

The first quarter of 1989 has begun well with each of the three divisions ahead of the corresponding period last year.

The outlook is encouraging."

IBSTOCK JOHNSEN P.L.C. LUTTERWORTH HOUSE, LUTTERWORTH, LEICESTERSHIRE LE17 4PS. LUTTERWORTH (04555) 3071. TELEX: 341010. FAX: (04555) 3182.

The contents of this statement have been approved for the purposes of Section 87 of the Financial Services Act by Paul Merrick, a Chartered Accountant in England and Wales to carry on investment business. Past performance is not necessarily a guide to the future.

UK COMPANY NEWS

# A B Ports rises 22% to £46.5m

By Kevin Brown, Transport Correspondent

ASSOCIATED BRITISH PORTS Holdings, property developer and ports operator, yesterday announced an increase of 22 per cent in pre-tax profits to £46.5m last year, on turnover up 7 per cent at £211.8m.

Earnings per share increased by 22 per cent to 38.2p. The final dividend of 12.5p makes a total of 10p for the year, up 33 per cent. The shares fell 20p after the announcement as investors digested a property revaluation but recovered later to close up 5p at 52.5p.

Profits from port operations were £23.1m after severance costs of £5m, compared with £19.3m last year, when severance costs were £6m.

Turnover on port operations was down slightly from £151.1m in 1987, mostly because of the sale to Ben Godly and P & O Containers of a part interest in Southampton Con-

terminal Terminals. However, volume increased from 90m tonnes to a record 98m tonnes.

Pre-tax profits from property activities increased from £19.3m to £23m, following the completion of several projects, including the London Pavilion, in London's Fleetville Circus.

ABP said the fully developed value of the property portfolio held by its subsidiary Grosvenor Square Properties was £620m, of which £330m was accounted for by retail developments, £210m by office developments, and £80m by other business developments.

ABP said it hoped the John Lewis Partnership would take approximately half the space in the 500,000 sq. ft. Buchanan Centre in Glasgow, which is being jointly undertaken with Bredaro Properties.

Three large schemes are also under way in central London,

and the group said it had acquired a number of potentially valuable development sites, around the M25 London orbital motorway.

Development schemes are under way at 12 of the group's ports, of which the most important are at Southampton, where plans have recently been announced for a 24 acre development at Queen's Quay, between the existing developments at Ocean Village and Town Quay.

COMMENT

Sir Keith Stuart, chairman, was bullish about the prospects for ABP's port operations yesterday, even before the announcement that the Government plans to abolish the antiquated Dock Labour Scheme. Since its 21 ports, representing 25 per cent of UK

port capacity, are all in the scheme, ABP will clearly be a major beneficiary of abolition. Sir Keith's claims that the scheme is costing ABP up to £20m a year in lost business may have been exaggerated, but there will clearly be opportunities to attract new activities to the quayside, as well as the benefits of an improvement in competitiveness against ABP's European rivals. In the short-term, any savings in labour costs will flow straight through to the bottom line. ABP is at least half a property company these days, but port-related income was likely to grow faster over the next couple of years in any case, since rental income from some of the group's larger projects will not come on stream until after 1990. The group announced an increase in the surplus of port land over hook value from £70m to £189m, but the revaluation takes no account of the development potential of the land. A more important indicator of future prospects is Sir Keith's estimate that around 3,000 acres of port land will be available for development over the next 10 years. Since much of ABP's success since privatisation in 1983 has been based on the development of around a tenth of this amount, Sir Keith's landbank clearly represents a very good bet, especially when combined with a resurgent ports division.

# Improved margins help Quicks rise 19%

QUICKS GROUP, the expanding motor and parts distributor, achieved pre-tax profits of £3.51m for 1988, a rise of 19 per cent on the previous year's £2.93m. Turnover advanced from £134.4m to £152.8m.

The group, long established as a Ford main dealer in the north-west, moved into the West Midlands last summer, opening a Peugeot Talbot dealership in West Bromwich, which has since achieved sales of £3.2m, according to Mr Norman Quick, chairman.

New vehicle sales across the group were static at about 14,000, but new car margins increased due to improved marketing in "buoyant economic conditions", he stated.

Further investment of £3m will by the summer have introduced eight new franchises.

Mr Quick said the group was also planning further growth in contract hire, while continuation of hire purchase financing and associated capital allowances would benefit the group's tax position.

Tax in 1988 amounted to £773,000 (£400,000) and earnings per 10p share were 18.6p (19.3p). The proposed final dividend is lifted to 3.5p making 5p (4p adjusted) for the year.

# Property profits help boost George Oliver to £7.11m

GEORGE OLIVER (Footwear), the UK's third largest specialist shoe retailer, yesterday reported a 53 per cent improvement in full-year taxable profits and announced moves to diversify from its core operations.

However, the advance in pre-tax profits for 1988 to £7.11m (£4.66m) was struck after property profits of £4.34m (£2.31m) and higher interest charges of £1.83m (£1.44m). At the trading level therefore, the advance was restricted to 22 per cent at £4.6m.

Mr Ian Oliver, chairman, said the level of trading profits was a reflection of what had happened throughout the fashion and retail trade. The suc-

cession of interest rates rises had had a "dramatic" effect on turnover - up just 8 per cent to £90.88m - and the group also suffered from unseasonal weather throughout the year.

Trade in the current year, however, continued to improve from the depressed level of January, he added.

Earnings per share rose 56 per cent to 98.64p (62.09p) and a recommended final dividend of 12.4p gives a 15p (12.5p) total. A two-for-one scrip issue is also proposed.

Oliver has agreed the purchase of three companies to broaden its trading activities. Consideration for the largest, Photo Shop, a Harrow-based

business with 30 fast film processing outlets, is a maximum £3.37m in cash and loan notes. It made taxable profits of £353,000 on turnover of £4.68m in 1988.

Oliver intends to convert some of its surplus properties into Photo Shop outlets during the current year.

In addition, Frame It, a specialist picture framing business based in Cheltenham, is being acquired for £385,000, while Brick Studio and Manufacturing, a Leicester-based shopfitting design and installation group is being acquired for £625,000.

In view of the diversification, the company is changing its name to the Oliver Group.

# Goldberg raises Tootal stake to 24%

MR ABRAHAM GOLDBERG, the Australian industrialist who has been building a stake in Tootal, yesterday announced that he has increased his holding in the UK textile group from 23 to 24 per cent. Mr Goldberg bought 750,000 Tootal shares thereby boosting his stake to 67.5m shares, writes Alice Rawsthorn.

Mr Goldberg, who staged an

unsuccessful bid for Tootal in 1985, has been buying Tootal shares since last autumn. He disclosed his stake just before Christmas and has since been selling to his holding.

Two months ago Mr Goldberg proposed a merger between Tootal and his Australian textile interests. The Tootal board, which is opposed to his involvement with the

group, rejected his proposals.

Mr David Wormsley, a manager at the corporate finance department of Schroders, which is advising Mr Goldberg, said the Australian was "still reviewing all his options" as to whether or not to mount a full bid for Tootal. He also said that Mr Goldberg, who is presently in Europe, envisages buying more shares in the group.

# Filofax sees slight rise to £2.72m

FILOFAX, the personal organiser group which came to the USM in April 1987, saw only a slight rise in pre-tax profits from £2.62m to £2.72m during the year to December 31. Turnover increased 14 per cent to £14.7m (£12.85m).

Earnings per share rose to 12p (10.7p). Directors are recommending a final dividend of 2.7p (2.5p), for a total of 3.45p (3.25p).

Mr David Collischoon, chair-

man, said the results had been influenced by changing patterns in UK sales and heavy competition in Japan.

The company is seeking to overcome these problems through diversification and stepped-up marketing. Executives appointment have been made to further this policy.

The chairman said there was a marked improvement in sales in the second half due to an

intensive marketing campaign. European markets are expanding, and the American subsidiary hosted revenues by at least 70 per cent during the year.

Mr Collischoon is confident of future growth, but sounded a note of caution for the short-term which would be adversely affected by an increase in costs for management, marketing and research and development.

News Digest

## S DANIELS Encouraging outlook despite loss

AN IMPROVED second half performance left S Daniels, the food and beverages products importer, with a pre-tax loss of £231,000 for 1988, compared to a profit of £572,000, but the final dividend is cut to 1.25p.

This makes a total of 2.5p, against 3.25p. There was a profit of £96,000 in the second half and the directors said this was encouraging, and they looked to an improvement for the current year.

Future dividends would be increased in line with profitability, they stated.

Turnover fell to £35.65m (£39.55m) and operating profit to £3,000 (£250,000). On 100p of that, there was a £271,000 exceptional loss connected with a contract for packing costs. Loss per share was 2.34p (earnings 4.72p).

The directors said packing arrangements for Vendoma coffee had been changed and benefits were seen in the last quarter.

## DRUCK HOLDINGS Promising prospects

First half profit at Druck Holdings, the USM-quoted maker of electronic pressure measuring devices, rose to £1.59m pre-tax, and the interim dividend is lifted to 2.5p.

The profit compared with £1.13m, out of £3.14m achieved for the full year ended June 30 1988. The directors explained that the difference between halves this year would be less marked. They expected satisfactory progress by the year-end and said longer term prospects looked increasingly promising.

Over the short to medium term they were confident of an increasing-order level, especially as the general range will be enhanced by the launch of new products.

Turnover in the half came to £7.7m (£6.1m). Earnings were 15.1p, against 10.7p when an interim of 2.2p was paid.

## ATA SELECTION Profits advance 43% to £0.9m

A 43 per cent increase in pre-tax profits for 1988 was announced by ATA Selection, USM-quoted recruitment and financial services group. On turnover ahead by 24 per cent to £5.4m, the taxable result came out at £944,000 compared with £661,000.

The directors are recommending an improved final dividend of 1.3p (1.1p) for a total of 2.14p (1.9p). Fully diluted earnings advanced from 3.56p to 5.23p per 5p share.

In the recruitment division a major change in accounting policy has had the effect of reducing profits for this and previous years, but presents a more reliable measure of trading performance, directors said.

In the financial services division the company entered a new niche area in November 1988 with the acquisition of Printing Equipment Finance, which offers leasing and hire purchase facilities to printing and graphic art industries. Expansion in this company was expected during the current year.

## BLETCHLEY MOTOR Prospectus forecast met

Bletchley Motor Group, the multi-franchised motor dealer which came to the USM last November, reported a 22 per cent rise in pre-tax profits to £765,000 to £590,000, in line with the prospectus forecast of not less than £900,000.

The result was after a £40,000 protective provision in relation to certain VAT matters.

Turnover grew 36 per cent from £30.12m to £40.91m. After tax of £363,000 (£255,000) earnings per 20p share were 25.4p (23.1p). An interim dividend will be paid in September.

## PTARMIGAN Expansion paying off

Ptarmigan Holdings, the expanding food processing, fish farming and hotel group, announced pre-tax profits of £142,000 for the six months to end-December. The outcome compared with a deficit of £38,000 in the corresponding period.

The group is changing its year-end and the current period covers the 18 months to end-June 1988.

Earnings per 12½p share worked through at 1.4p (losses of 0.2p). An interim payment of 0.25p is declared for the period.

## MUSTERLIN GROUP Publishes rise to £1.12m

A 68 per cent advance in pre-tax profit for 1988 is reported by Musterlin Group, USM-quoted book publisher.

From a turnover up 83 per cent to £10m (£7.63m), the profit came out at £1.12m (£703,000). Earnings rose to 12.32p (6.65p) and the dividend is increased by 1p to 4p, the final being 3p.

Prospects for 1989 showed continuing strong growth, and further acquisitions would be made in pursuit of geographical and sector diversifications, the directors said.

## METSEC Organic growth set to continue

Metsec, the USM-quoted maker of structural components and systems, expanded pre-tax profits by £682,000 to £2.73m in 1988.

Turnover soared from £28.7m to £51.85m. Earnings were 14.48p (10.26p), and a final dividend of 1.95p lifts the total to 3.8p (3.2p).

## BURNS-ANDERSON Acquisition of Headway

Burns-Anderson has acquired Headway Personnel for £800,000 cash. Headway, which has all net assets, trades as Accountancy World, Headway Technical Personnel, Tital Industrial Employment and Hospital Care.

# GUINNESS BRANDS ARE GOOD FOR YOU

The advertisement features a black and white photograph of a man in a tuxedo carrying a tray with several bottles of Guinness brands. The bottles include Johnnie Walker, Gordon's Dry Gin, Dewar's Scotch Whisky, Bell's Scotch Whisky, White Horse Scotch Whisky, Tanqueray Gin, and Kaliber Lager. The man is walking towards the right, balancing the tray on his hands.

## FINANCIAL HIGHLIGHTS

	1988	1987	
Profit before tax	£521m	£408m	+28%
Earnings per share	38.5p	30.9p	+25%
Net dividend	11.5p	9.2p	+25%

Brand leaders include: *Johnnie Walker* the world's best-selling Scotch whisky; *Gordon's* the world's best-selling gin; *Dewar's* the best-selling Scotch whisky in the USA; *Bell's* the best-selling Scotch whisky in the UK; *White Horse* the best-selling Scotch whisky in Japan; *Tanqueray* the best-selling imported gin in the USA; *Kaliber* the best-selling alcohol-free lager in the British Isles; *Guinness* the most distinctive beer in the world.

# GUINNESS PLC

The 1988 Annual Report will be posted on 2 May and, subject to shareholder approval, the final dividend will be paid on 30 May to those ordinary shareholders on the register at the close of business on 5 May. Copies of the Annual Report can be obtained from the Secretary, Guinness PLC, Bodiam House, Twyford Abbey Road, London NW107ES.

## UK COMPANY NEWS

## Acquisitions help Baird advance by 24% to £32m

By Alice Rawsthorn

**WILLIAM BAIRD**, the textile and engineering group, emerged unscathed from the intensely competitive conditions in UK textiles last year to increase pre-tax profits by 24 per cent from £25.7m to £31.2m.

Mr Donald Parr, chairman, said the level of competition in the textile industry had intensified in 1988 but Baird had benefited from volume growth and from the contribution from its recent acquisitions.

Group turnover rose to £371.2m (£290.5m) in the year to December 31. Earnings per share increased to 25.6p (22p). The board proposed a final dividend of 4.7p making a total of 7.55p (6.475p).

The textiles division saw operating profits increase to £21.2m (£15.7m) on sales of £272.2m (£204.2m). The contribution from recent acquisitions, including the Windsmoor clothing company, accounted for about 70 per cent of the increase in turnover. Mr Parr said, however, that the established businesses had experienced healthy organic growth.

The reorganisation of Winds-

moor, acquired last May, has been completed. A new senior management team was introduced and central costs reduced. Mr Parr said the benefits of reorganisation should start to emerge this year, but the full benefits would not be realised until 1990.

Earlier this week Baird announced the acquisition of Centaur, a men's suit manufacturer, for up to £26m. Mr Parr said the deal would broaden the base of Baird's business while offering an *entrée* into men's suits, a product sector which has been relatively resilient to imports.

Darchem, the engineering division, increased operating profits to £11.1m (£9.8m) on sales of £99.1m (£86.3m). Darchem completed its last major nuclear contract in 1988. There will be a smaller contribution from these contracts this year, but the growth of other areas should compensate and Darchem is expected to show another increase in profits.

Mr Parr said the group had begun the current year well, but the outcome for the textile division in the full year would

be determined by the pattern of consumer spending.

**COMMENT**

Once again Baird has shrugged aside the *crises* of the rest of the textile sector to produce yet another set of healthy results. There is no reason to expect it to fare any worse this year. Baird has a retreat long ago from the more exposed areas of textiles. Windsmoor produced a static performance last year, but the benefits of cost cutting should filter through this year. Similarly, Centaur's contribution should be buoyed by an improved performance from its JR Clothes factories, while the contribution from new areas of engineering should counter the drop in Darchem's nuclear profits. The City expects an increase in group profits to £38m this year and the shares, on a prospective p/e of 9 at 242p, look cheap on fundamentals. But the City's optimism about Baird's prospects is undoubtedly dampened by its pessimism about the overall outlook for textiles.

## Placing on USM puts £13.8m tag on Porth

By Vanessa Houlder

**PORTH GROUP**, manufacturer and distributor of Christmas decorations, is counting to the USM in a placing which values the company at £13.8m.

Albert E. Sharp is placing 5m shares, representing about 36 per cent of the share capital, at 100p per share. Dealings are expected to start on April 18.

The £4.4m raised will be used to redeem preference shares and loan stock totalling £3.9m and provide additional working capital. The directors are selling 410,000 shares to repay personal borrowings.

Porth Decorative, the principal subsidiary, makes artificial trees, tinsel, bangles, gift-wraps, bows and floor and wall decorations, which it sells to over 30 companies. Goodmark, the other subsidiary, makes aerosol products and is also involved in the contract filling of cans.

The business, founded in 1930, went into receivership in 1983. The assets were acquired by a company that became part of the Gooding Group. In 1987 the management launched a buy-out.

In 1988 operating profits were £1.35m (£0.9m) on turnover of £15.35m (£13.45m). At a notional tax charge of 35 per cent, the historic price earnings ratio is 14.5 times.

## Dolphin makes £0.9m for seven months

By Maggie Urry

**DOLPHIN PACKAGING**, the packaging group based in Poole, Dorset, which floated its shares on the USM in September 1987, reported sales of £13.2m and pre-tax profits of £885,000 for the seven month period to end December 1988.

The group has changed its year end from May. In the year to May 1988, sales were £12.5m and pre-tax profits £2.5m.

Acquisitions helped push up sales but operating margins fell as some of the acquired businesses were loss-making.

Interest charges also rose sharply, to £452,000 in the

seven months against £132,000 in the previous 12 months.

Mr Rupert Speyer, chairman, said he was confident of the long-term success of the acquisitions but warned investors not to become over-optimistic in the short term because of problems in three areas.

One plant in Cheltenham, Gloucestershire, was losing money and had required considerable rationalisation. However, he said, the investment was covered by the value of the freehold property there.

The acquisition was part of the purchase of AMT in Sep-

tember 1988 for £2.5m, which also included Kelder, a box fabricator in the Netherlands, which had made a positive contribution to the results.

An Irish egg box company bought from the receiver in April last year had lost money too. Now this had started making other, more profitable, products and the plant was working extra shifts, he said.

Profits had also been held back by a five-month delay in bringing a new PVC sheet extruder on stream.

Mr Speyer said this was now

working properly and the group was virtually self-sufficient in PVC sheet and was able to recycle off-cuts which helped margins.

Mr Barry Smith, finance director, said that following the acquisitions and £2m of capital expenditure, gearing had risen to 116 per cent, but the group was sure this would fall sharply by the end of the current year.

Earnings per share were 3.85p and the dividend 1.87p for the seven months, which was 7/12ths of the previous year's total dividend.

## Capital and Regional advances to £1.1m

**IN AN** encouraging year, Capital and Regional Properties increased its pre-tax profit from £453,000 to £1.1m, and is doubling the dividend to 0.6p.

This USM-quoted commercial property investor said net assets at end-1988 had risen from £10.7m to £19.54m, equal

to 165p (90p) per share, of which two-thirds were in the UK and the rest in the US.

Mr Martin Barber, chairman, reported that acquisitions made turned out to be highly beneficial, while disposals put the group in a strong position through liquidity.

With the existing portfolio he was expecting very substantial increases in rental income, and therefore capital value, during 1989 and 1990 as a substantial number of rent reviews were falling due.

In the year ended December 25 1988 rental and management fee income moved up to £2.13m

(£1.6m), there was other income of £789,000 and profit on sale of investment property £287,000 this time.

Net interest costs soared to £1m (£1,000,000).

Earnings were 8.75p (2.75p) and the final dividend is 0.4p.

## Magnetic Materials rises 28% to £318,000

A 28 per cent rise from £248,000 to £318,000 was announced by Magnetic Materials Group, USM-quoted magnetic components maker for the six months to end December 1988, on turnover up from £7.19m to £7.79m.

Directors said the first quarter had been difficult but the major Neosid reorganisation and investment programme was now completed, giving increased operating efficiencies and enhanced powder quality.

In the second quarter costs were reduced with the company now operating out of three sites compared with the six it had previously. Directors said there had been an improvement in results from the second quarter onwards.

After tax of £114,000 (£75,000) net earnings per 10p share were 1.2p (1p). The interim dividend is maintained at 0.9p. Last year's total was 2.9p.

## Pittard Garnar expands UK sheepskins activities

By Nikki Tait

**PITTARD GARNAR**, the leather group, has reached agreement with Andrews and Company (Pelts) for the purchase of its hide and skin market business at Welshpool in mid-Wales for £229,000 in cash.

Pittard says the deal will extend its ability to domestic sheepskins in the UK. Managing director, Mr J. Andrews, will also take on a "wider operational role" on the sourcing of raw materials for Pittard's chamois and clothing division.

The company is currently subject to two completed but

as yet unpublished investigations by the Monopolies and Mergers Commission. These concerned the potential acquisition of Pittard Garnar by rival leather group Strong & Fisher, and the potential increase in the 16.6 per cent holding which Hillsdown, a larger furniture, food and property group, has in Pittard.

In reply to a written Parliamentary question it was disclosed that the MMC delivered its reports on March 10. No date, however, has been given for the publication.

## Klark-Teknik profit up by 31%

**Klark-Teknik**, the USM-quoted manufacturer and distributor of professional sound and lighting equipment, raised its first-half profits by 31 per cent to £245,000 pre-tax, but sounded a

warning about the second six months. The half year to January 31 saw turnover improve to £2.91m (£2.31m). There is a same-again interim dividend of 0.5p.

## Britannia rises 22% to £2.4m

**BRITANNIA GROUP**, property development and construction concern, achieved a 22 per cent increase in pre-tax profits for the year to end December last, on turnover which rose 44 per cent from £19.9m to £28.6m.

The pre-tax figure of £2.44m (£2.2m) was arrived at after charging cost of sales £24.15m (£16.13m), administration expenses of £1.79m (£1.57m), interest payable was £337,000 (£233,000).

After tax of £867,000 (£718,000) net earnings per share were 13.9p (13.9p). A proposed final dividend of 3.1p (2.5p) makes a total of 4.5p (2.5p).

**ALEXANDER (WALTER)** has issued a profits warning due to the poor trading performance of the poor trading performance of CHARTERED TRUST (subsidiary of Standard Chartered Bank) made pre-tax profit of £23.5m for 1988 (£18.7m) reflecting strong trading performance by all operating divisions, including point of sale motor finance, personal financial services, property lending and contract hire.

Year-end assets totalled £1.26bn (up £274m).

**CHINA AND EASTERN INVESTMENT COMPANY**: Unaudited net asset value per 50 cent ordinary share stood at US\$1.69 (£1) at January 31 1989 against \$1.4. Gross revenue for the six months to end-January was \$755,141 (loss \$1.24m) and after tax revenue \$447,748 (loss \$1.55m).

**GLOBE & PHOENIX Gold Mining** reported pre-tax profits of \$74,000 for year to September 30 last compared with a previous year's loss of \$65,000. Turnover was \$265,000 against \$217,000; tax took \$3,000 (£2,000) leaving earnings of 7.4p (7.52p loss). Dividend maintained at 1.25p.

**BAILLIE GIFFORD Technol-**

**ogy** shows net asset value at February 28 1989 as 94.7p, compared with 102.2p.

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**HAWKER SIDDELEY** has announced an agreement to purchase SunSya, a privately-owned US manufacturer of high technology sensors, for around \$15m (£8.5m).

**LOCAL LONDON GROUP**: Offer from Priest Mariani declared unconditional. Purchases and acceptances total 17,88m shares (86.6 per cent).

**NEWMAN TONKES** has purchased Martin Roberts for an initial £3.7m in cash and loan notes, with an additional £700,000 loan notes if profits for 1988-89 are at least £500,000. Martin Roberts makes and supplies industrial and commercial steel doors, flexible PVC doors and partitioning systems.

**RESORT HOTELS** is to acquire the Elcot Park Hotel in Newbury, Berkshire, for £4.13m. Elcot's profit before tax and management charges of £120,000 for the year to September 30 1988 was £281,000.

**RFP GROUP** has acquired Real Flame, a manufacturer of fireplaces, for a consideration of £1.8m to be satisfied by the issue to the vendors of 1.5m new ordinary in RFP.

**SERRATON SECURITIES** International and the Malvern Property Company have completed the sale of their freehold interest for some £2m to Robert Jones Investments (UK).

**TOTAL**: Abe Goldberg, through Harbour Bridge Holdings, has lifted his stake to 23.5 per cent. Separately, Total has acquired industrial and domestic sewing, thread division of Sirel, a French textile company, for approximately \$6m cash.

**TRANWOOD** has sold its 25 per cent holding in TGP 123, a consortium company formed to buy residential property portfolio in France, to ICA Holding, a Dutch industrial and property group. Consideration of \$2m to be satisfied by issue to Tranwood of 180,000 shares in ICA at £1.20 each and \$4m nominal of six months loan notes of ICA.

**UNIGATE**: Mr Larry Goodman, the Irish businessman, has increased his holding in the food, dairy and distribution group, from 7.87 per cent to 9.83 per cent through the acquisition of a further 2.2m shares.

## Annual General Meeting of AB Volvo

The Annual General Meeting of the shareholders of AB Volvo will be held in Lisebergshallen, Orgrystevägen, Göteborg (Sweden) at 4:30 p.m. Wednesday, April 26, 1989.

Matters to come before the Meeting, as prescribed by law and the Company's Articles of Association, shall include presentation of the accounts and annual report for the year 1988; adoption of the Income Statement and Balance Sheet of AB Volvo as well as the Consolidated Income Statement and Consolidated Balance Sheet; disposition of the profit as shown in the Balance Sheet adopted; discharge of the Board of Directors and Managing Director from liability; determination of the number of members and deputy members to be elected by the Meeting to serve on the Board of Directors; approval of fees to be paid to the Board and auditors; and the election of Board members, deputy members, auditors, and deputy auditors.

The Annual General Meeting shall also consider the proposal of the Board of Directors to authorize the Board to appropriate the sum of SEK 10 million to the Foundation for the Volvo Environmental Prize, as well as a question on Volvo's sponsorship policy raised by a private shareholder.

## Right to participate in Meeting

Participation in Volvo's Annual General Meeting is limited to shareholders who are recorded in the share register on April 14, 1989 and who advise Volvo, no later than 12:00 noon, (Swedish local time) Friday, April 21, 1989, of their intention to participate.

## Share register

Volvo's computerized share register is maintained by Värdepapperscentralen VPC AB (Swedish Securities Register Center).

Volvo shares are registered in the names of either their owners or trustees. Only owners-registered shareholdings are listed in the names of shareholders in the share register. Shareholders whose shares are held by the trust department of a bank or by a private broker, may have elected to have their shares registered in the trustee's names.

To be entitled to participate in the Annual General Meeting, owners of shares registered in the name of a trustee must have their shares registered in their own names.

To assure that such shares are re-registered in simple time, the holders of trustee-registered shares should request that the bank or broker acting as custodian of the shares re-register them (temporarily) several banking days prior to April 14, 1989. Trustees normally charge a fee for this service.

## Volvo Group operations in brief

	1988	1987
Sales, SEK M	96,639	92,520
Income before allocations, taxes and minority interests, SEK M	8,243	9,011
Return on capital employed, percent	17.5	19.6
Income per share, SEK	52.80	57.80
Dividend per share, SEK (1988 proposed)	14.00	10.50
Number of employees, December 31	78,614	75,340
Salaries, wages and social costs, SEK M	15,254	13,846
Provision for employee bonus, SEK M	180	260
Capital expenditures for property, plant and equipment, SEK M	3,945	3,664

## Notice of intention to participate

Notice of intention to participate in the Meeting may be given, no later than 12:00 noon, April 21, 1989 by telephone: +46-31 59 21 50 or +46-31 59 00 00

or in writing to:

AB Volvo  
Legal Department  
S-405 06 Göteborg, Sweden

In providing such notice, a shareholder should state his or her name, personal registration number (where applicable), address and telephone number.

Shareholders who wish to appoint a proxy to act on their behalf at the meeting should notify AB Volvo well in advance of the meeting, giving the name of the proxy. A proxy need not be a shareholder of AB Volvo.

May 2, 1989 has been proposed by the Board of Directors as the record date for the payment of dividends. Payment is expected to be made through VPC on May 10, 1989.

By order of the Board of AB Volvo

Claes Beyer, Secretary to the Board  
S-405 06 Göteborg, Sweden

April 1989

## IDEK IZUMI CORPORATION

U.S.\$35,000,000 2 3/4 per cent. Guaranteed Bonds Due 1992 with Warrants

to subscribe for shares of the common stock of IDEK IZUMI Corporation Pursuant to Clause 4 of the Instrument and Condition 11 of the Terms and Conditions of the Warrants, we hereby notify as follows:

- The Board of Directors authorized on March 27, 1989 to effect a free distribution of shares at the rate of 0.1 new shares of each one share held as of April 20, 1989 Tokyo Time (the record date).
- Accordingly, the subscription price of the above mentioned Warrants will be adjusted pursuant to Clause 3 of the Instrument and Condition 7 of the Terms and Conditions of the Warrants effective as from April 21, 1989 Tokyo Time.

Subscription Price before adjustment Yen 1,159.00  
Subscription Price after adjustment Yen 1,053.60

IDEK IZUMI Corporation

10-40, Mikumihonmachi 1-chome, Yodogawa-ku, Osaka 532, Japan

April 7, 1989

## ADVERTISEMENT

KREDIETBANK

EDWARD WALTERS APPOINTED CHAIRMAN



With effect from 1 April 1989, Mr. Edward Walters, hitherto Managing Director, Member of the Executive Committee, in charge of the foreign activities of the Bank, has been appointed Chairman of the Board of Directors of the Kredietbank. He succeeds Baron André Vierick, who has reached the age limit set for the Chairmanship of the Bank's Board.

## AEROSPACE

The Financial Times proposes to publish a Survey on the above on

7TH JUNE 1989

For a full editorial synopsis and advertisement details, please contact:

PENNY SCOTT

on 01-873 3389  
or write to her at:

Number One, Southwark Bridge  
London SE1 9HL.

FINANCIAL TIMES

LONDON'S BUSINESS NEWSPAPER

## THYSEN AKTIENGESELLSCHAFT WESTMINSTER BANK LIMITED DEPOSIT CERTIFICATES

National Westminster Bank PLC gives notice that claims may now be lodged for the twenty seventh dividend due 20 March 1989 on the Deposit Certificates at the rate of £3.30225 per £10 Unit. United Kingdom Income Tax as shown below will be deducted unless claims are accompanied by an appropriate Inland Revenue declaration:

Gross Dividend of DM 31,000,000  
20% UK Income Tax 6,200,000  
United Kingdom Income Tax at 10% on Gross Dividend 3,100,000

Claims should be lodged at Stock Office Services, 20 Old Broad Street, London EC2N 1EL, on specified forms obtainable from that Office. United Kingdom Share and Dividend holders of the Stock Exchange should mark payment of the dividend in Space No 30 provided on the back of their certificates. All other claimants must complete the special form and provide this at the above address together with the certificates for marking by the National Westminster Bank PLC. Postal applications cannot be accepted.

# Group Precious Metal Mining Companies' Reports for the quarter ended 31 March 1989

All companies are incorporated in the Republic of South Africa

## Driefontein Consolidated

Driefontein Consolidated Limited  
(Registration No. 61/0480/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold - East Driefontein</b>			
One milled (t)	720 000	720 000	2 170 000
Gold produced (kg)	7 704.0	8 130.1	24 082.1
Yield (g/t)	10.7	11.3	11.1
Price received (R/kg)	31 208	32 255	32 081
Revenue (R/milled)	22 584	23 316	70 220
Cost (R/milled)	117.26	115.33	116.10
Profit (R/milled)	217.12	225.53	247.19
Revenue (R000)	22 584	23 316	70 220
Cost (R000)	11 726	11 533	11 610
Profit (R000)	10 858	11 783	35 610
<b>Gold - West Driefontein</b>			
One milled (t)	705 000	705 000	2 098 000
Gold produced (kg)	7 191.8	6 917.2	20 847.7
Yield (g/t)	10.2	9.8	10.0
Price received (R/kg)	31 230	32 431	32 543
Revenue (R/milled)	22 095	22 836	70 294
Cost (R/milled)	140.03	138.45	140.74
Profit (R/milled)	179.94	189.89	181.10
Revenue (R000)	22 095	22 836	70 294
Cost (R000)	14 003	13 845	14 074
Profit (R000)	8 092	8 991	26 220
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	282 548	309 588	920 554
Profit/loss on sale of Uranium Oxide and Sulphuric Acid	358	(512)	(74)
Tillman royalties	186	544	730
Net mining revenue	383 092	309 600	920 710
Recovery under loss of profits insurance	4 000	—	4 720
Net sundry revenue (group)	28 588	17 985	70 620
Profit before tax and State's share of profit	315 674	327 585	996 050
Tax and State's share of profit	163 747	178 452	533 135
Profit after tax and State's share of profit	151 927	149 133	462 915
Capital expenditure	90 242	60 067	150 676
Dividend	—	165 200	165 200

## Northam

Northam Platinum Limited  
(Registration No. 77/0282/06)

ISSUED CAPITAL: 20 000 000 shares of 1 cent each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>Pre-production mine</b>			
Development expenditure (R000)	29 847	39 367	59 010
Capital expenditure	4 782	3 038	10 322
Net income after tax	24 326	35 320	49 028
<b>Development expenditure</b>			
Development expenditure (R000)	29 847	39 367	59 010
Capital expenditure	4 782	3 038	10 322
Net income after tax	24 326	35 320	49 028

## Vlakfontein

Vlakfontein Gold Mining Company Limited  
(Registration No. 05/0655/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold - Deep Levels</b>			
One milled (t)	39 411	40 719	116 789
Gold produced (kg)	95.6	108.3	315.4
Yield (g/t)	2.4	2.7	2.7
Price received (R/kg)	31 096	32 247	32 288
Revenue (R/milled)	1 226.28	1 313.82	3 743.28
Cost (R/milled)	91.80	82.10	85.70
Profit (R/milled)	1 134.48	1 231.72	3 657.58
Revenue (R000)	1 226	1 314	3 743
Cost (R000)	92	82	86
Profit (R000)	1 134	1 232	3 658
<b>Gold - Surface sources</b>			
One milled (t)	97 672	85 602	275 230
Gold produced (kg)	72 917	62 679	202 971
Yield (g/t)	7.5	7.3	7.5
Price received (R/kg)	31 096	32 247	32 288
Revenue (R/milled)	3 016.28	2 761.16	8 535.17
Cost (R/milled)	29.82	30.70	30.25
Profit (R/milled)	2 986.46	2 730.46	8 504.92
Revenue (R000)	3 016	2 761	8 535
Cost (R000)	30	31	30
Profit (R000)	2 986	2 730	8 505
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	(402)	730	1 337
Net sundry revenue	169	210	596
Loss/profit before tax	(233)	948	1 933
Tax	—	—	—
Formula tax	68	238	492
Non-mining tax	—	(2)	—
Loss/profit after tax	(165)	716	1 441
Capital expenditure	47	517	1 057

## Venterspost

Venterspost Gold Mining Company Limited  
(Registration No. 05/0932/06)

ISSUED CAPITAL: 20 000 000 ordinary shares of 25 cents each, fully paid.  
4 800 000 debenture shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold</b>			
One milled (t)	420 000	405 000	1 230 000
Gold produced (kg)	1 559.8	1 471.3	4 509.6
Yield (g/t)	3.7	3.6	3.7
Price received (R/kg)	31 331	32 295	32 640
Revenue (R/milled)	13 156	13 272	39 868
Cost (R/milled)	112.16	111.49	111.24
Profit (R/milled)	1 203.84	1 215.73	3 877.64
Revenue (R000)	13 156	13 272	39 868
Cost (R000)	112	111	111
Profit (R000)	1 204	1 216	3 878
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	1 856	1 796	5 644
Net sundry revenue	1 642	1 593	4 667
Profit before tax	3 498	3 389	10 311
Tax	751	(1 540)	2 152
Profit after tax	2 747	4 929	12 159
Capital expenditure	4 232	30 200	35 674
Dividend	—	5 050	5 050

## Libanon

Libanon Gold Mining Company Limited  
(Registration No. 05/0831/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold</b>			
One milled (t)	435 000	435 000	1 305 000
Gold produced (kg)	1 782.5	1 627.0	5 437.5
Yield (g/t)	4.1	4.2	4.2
Price received (R/kg)	31 296	32 310	32 570
Revenue (R/milled)	13 615	14 159	41 344
Cost (R/milled)	118.65	117.13	115.75
Profit (R/milled)	1 246.85	1 298.87	3 928.69
Revenue (R000)	13 615	14 159	41 344
Cost (R000)	119	117	116
Profit (R000)	1 247	1 299	3 929
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	4 309	8 205	26 356
Net sundry revenue	2 208	1 923	5 703
Profit before tax and State's share of profit	6 517	10 128	32 059
Tax and State's share of profit	438	(1 077)	3 098
Profit after tax and State's share of profit	6 079	11 205	28 961
Capital expenditure	6 360	7 065	19 470
Dividend	—	8 000	8 000

## Kloof

Kloof Gold Mining Company Limited  
(Registration No. 61/0462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold</b>			
One milled (t)	540 000	540 000	1 620 000
Gold produced (kg)	6 268.7	7 242.0	20 748.2
Yield (g/t)	11.6	13.4	12.8
Price received (R/kg)	31 299	32 240	32 549
Revenue (R/milled)	16 881	17 500	51 789
Cost (R/milled)	174.19	183.26	185.05
Profit (R/milled)	1 666.91	1 566.74	4 903.84
Revenue (R000)	16 881	17 500	51 789
Cost (R000)	174	183	185
Profit (R000)	1 667	1 567	4 904
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	102 228	144 845	409 107
Net sundry revenue	8 630	5 505	21 044
Profit before tax and State's share of profit	110 858	150 350	430 151
Tax and State's share of profit	27 174	32 155	91 357
Profit after tax and State's share of profit	83 684	118 195	338 794
Capital expenditure	57 344	101 942	260 794
Dividend	—	72 000	72 000
Issue of debentures	19 075	—	35 425

## Doornfontein

Doornfontein Gold Mining Company Limited  
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold</b>			
One milled (t)	390 000	365 000	1 122 000
Gold produced (kg)	1 950.0	1 927.6	5 684.7
Yield (g/t)	5.0	5.3	5.0
Price received (R/kg)	31 294	32 304	32 470
Revenue (R/milled)	12 166	11 814	35 650
Cost (R/milled)	148.07	152.54	150.05
Profit (R/milled)	1 207.93	1 168.86	3 754.95
Revenue (R000)	12 166	11 814	35 650
Cost (R000)	148	153	150
Profit (R000)	1 208	1 169	3 755
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	3 343	6 543	14 594
Net sundry revenue	2 215	1 670	5 444
Profit before tax and State's share of profit	5 558	8 213	20 038
Tax and State's share of profit	883	956	3 623
Profit after tax and State's share of profit	4 675	7 257	17 415
Capital expenditure	5 974	6 164	18 565
Dividend	—	4 000	4 000

## Deelkraal

Deelkraal Gold Mining Company Limited  
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec 1988	Nine months ended 31 March 1989
<b>OPERATING RESULTS</b>			
<b>Gold</b>			
One milled (t)	405 000	405 000	1 215 000
Gold produced (kg)	2 632.5	2 632.5	7 695.0
Yield (g/t)	6.5	6.5	6.3
Price received (R/kg)	31 344	32 620	32 688
Revenue (R/milled)	12 615	13 210	39 413
Cost (R/milled)	103.19	99.45	102.61
Profit (R/milled)	1 252.31	1 211.55	3 738.72
Revenue (R000)	12 615	13 210	39 413
Cost (R000)	103	99	103
Profit (R000)	1 252	1 212	3 739
<b>FINANCIAL RESULTS (R000)</b>			
Working profit Gold	40 889	45 783	129 371
Net sundry revenue	4 819	3 413	11 410
Profit before tax and State's share of profit	45 708	49 226	140 781
Tax and State's share of profit	4 937	4 577	12 256
Profit after tax and State's share of profit	40 771	44 649	128 525
Capital expenditure	14 899	20 830	49 715
Dividend	—	29 862	29 862

# GOLD FIELDS OF SOUTH AFRICA LIMITED

Notes:  
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THE PROPERTY MARKET

Paul Cheeseright crosses the Irish Sea to explore Dublin's property scene  
**Frothy market on the Liffey**

Robin Power chatted. Sitting in the Georgian house which is the Dublin headquarters of Power Corporation, the Irish property group, he recalled a conversation with an institutional investor.

"Every week four or five of our people fly to London while plane loads of British are flying the other way," he remembered saying. Back came the retort: "Maybe both of you have got it wrong?"

The implication of that retort is that both markets become dangerous places for outsiders. Power has expanded out of the narrow Irish market and taken its retail property ambitions to the UK and the US. British developers and investors have noted that the contrast between Irish inflation (at 2 per cent) and interest rates (at 8 per cent) with those in Britain has helped to create an encouraging commercial climate. For Irish property, this comes as a sharp relief after six years of depression.

The British incursion comes at a time when the Irish investment community seeks a home for its funds. The combination of the two has meant that Dublin market sentiment is running ahead of events on the ground. "The office market is investment-led rather than end-user led," commented Ian French of Hamilton Osborne King, chartered surveyors.

The atmosphere is not unlike that in the City of London in the summer of 1987. The difference is that the demand for space in the City then was stronger than it is in Dublin

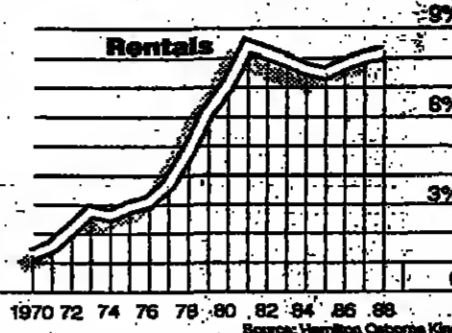
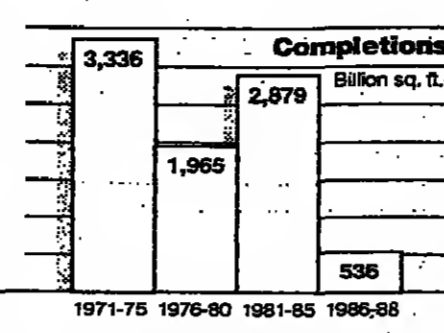
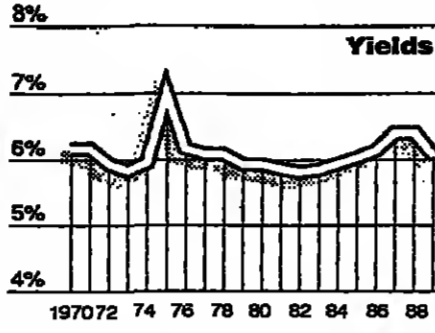
now. Mr French expects to see Dublin demand pick up by the end of the year. Meanwhile it is running along at around 300,000 sq ft a year.

What is happening is that site prices are being bid upwards. British Land, active in the market since the early 1970s, now completing the St Stephen's Green shopping centre and leading the consortium at the 1m-sq-ft-plus Custom House Docks development, has stepped back. "It's getting a bit pricey. We're not bidding," said Cyril Metliss, a British Land director.

Sites are sometimes being bought in anticipation of a general rental rise. While there have been isolated lettings at £16 (£13.40) a square foot, prime rents are more generally around £8.50 and space is available at £10. Yet some recent land transactions have been concluded at prices suggesting that buyers are expecting to lease space at £15-£16 a square foot.

A significant portion of Dublin's office stock is in converted Georgian town houses where it is possible to obtain some 4,000 sq ft of space. Six months ago, when prices were more stable, Power Corporation bought one for £155,000, planning to convert it, and, in fact, started work. A month

**DUBLIN OFFICES**



later Power was offered a price which gave it £100,000 profit and accepted. The property has recently been on the market at £430,000. That suggests rents of £11-£12 a square foot against a current level for this sort of property of about £7.50.

There is a degree of frothiness about all this. But, assuming general business expansion, there is some justification for it because of the low level of office building in recent years. Indeed, there would have been hardly any building at all had it not been for consistent demand from the public sector in the mid-1980s.

The effects of this limited

new development are clear from Hamilton Osborne King's analysis of the market. This showed that at the turn of the year there was a total of 475,000 sq ft of both new and secondhand space available on the market, but only 20,000 sq ft of that was prime new space.

Last year's take-up of office space came to 320,000 sq ft, slightly higher than 1987, but of that total 82,000 sq ft was new space, less than half the amount of 1986 and 1987. There is, in short, a shortage of new office space, just as there had been in the City of London at the time its building boom started in 1985-86.

But the Dublin market is a

small one and it can rapidly turn from famine to feast. Indeed there are planning consents for 2.76m sq ft of space, relatively a very large amount. Just over half of this is in two Irish Life developments and in Customs House Docks.

Custom House Docks, with its own development authority based on the London Docklands Development Corporation, is a £400m project, the largest property venture Ireland has seen. It is inspired by the Government's desire to see Dublin establish a corner for itself in the international financial market.

Docks attract a whole range of subsidies running from capital allowances through rent allowances to concessions on corporation tax. These incentives are primarily directed at the international market but there are none the less substantial benefits for domestic businesses.

All of this is good news for the project's developers because their venture is thus given a special place in the market. The consortium - British Land, Hardwicke and McInerney Properties - brings together British and Irish companies and there is no doubt that British Land's financial muscle and previous involve-

ment on the Irish market helped the consortium win selection during a 1986 competition.

The extent to which Custom House Docks will overhang the general market is not at this stage clear. It need not if the occupiers take space which otherwise they would not have taken or which does not leave a hole in the general market.

The actual office content of the scheme, which embraces shopping, a hotel and museum, is nearly 300,000 sq ft spread over eight buildings. Construction has started on two buildings and negotiations for the sale of the first building to Allied Irish Banks are nearly complete. Further negotiations on sales are also taking place with National & City Bankers and Guinness Peat Aviation.

Jones Lang Wootton, the chartered surveyors which played a role in pulling the development consortium together and which is now charged with letting the space, explains that the search for occupiers is directed at specialist areas of the financial sector - treasury operations, fund management, re-insurance and leasing.

So far JLW has managed to sign up, among others, Japanese leasing companies, US, German, Belgian and Irish

banks. This means that the development point of view, the project is becoming increasingly bankable. The possibility of early sales with an early and convenient route to cashflow. For later lettings, funds will be raised from separate facilities for each building.

But the importance of Custom House Docks for the property market goes beyond the question of supply and demand.

It extends the business district across the River Liffey from south to north. It has the same time to be a catalyst for the revival of the Liffey riverfront areas, which have become increasingly derelict. Other developments from other developers are planned. Custom House Docks is an stimulus for urban regeneration on the waterfront.

Such prospects have become more attractive to property companies in the light of the greater confidence which has swept through the market and swept up prices. Office development is a further link in the chain of expansion.

There have been retail developments - most notably the St Stephen's Green centre in Dublin and, in Cork, a town centre complex by Harco. There has been a boost to prices in the residential market. What there has not been so far is much expansion of the industrial property market. The sequence is not that dissimilar from what has happened in the English regions where the industrial market followed retail and offices.

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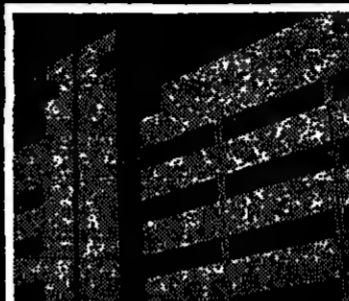


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#### £42,000,000 Amortising Subordinated Floating Rate Serial Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given as follows:

Interest period: 3rd April, 1989 to 3rd July, 1989  
Interest payment date: 3rd July, 1989  
Interest rate: 13.625% per annum  
Coupon amount: £33,969.18 per note of £1,000,000

Banque Internationale à Luxembourg  
Societe Anonyme  
Agent Bank

#### CHEMICAL NEW YORK CORPORATION USD 250,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1997

In accordance with the provisions of the Notes notice is hereby given that for the interest period from 11 April 1989 to 11 July 1989 the notes carry an interest rate of 12.00% per annum. The interest payable on the relevant interest payment date 11 July 1989 against Coupon No 15 will be USD 30,000,000.

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Information intended for the holders of bonds convertible into shares 10 1/4% 1990. The Board of Directors having decided, at its meeting of April 4, 1989, to eventually merge the Company through absorption, the bond holders are informed that, in accordance with the provisions of Article 106.1 of the law of July 24, 1965, the Board of Directors has resolved, during the same meeting, to suspend, as of April 21, 1989 until June 20, 1989 included, the exercise of the right to convert the above-mentioned bonds into shares.

THE BOARD OF DIRECTORS

#### RECTIFICATION

#### A/S JYSKE BANK USD 40,000,000 Floating Rate Notes due 1994

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from October 31, 1988 to April 30, 1989 the coupon amount per USD 10,000 will be USD 492.81 and per USD 250,000 will be USD 12,220.25 and not respectively USD 485.81 and USD 12,220.05 as wrongly stated in the notice published on April 3, 1988.

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Spain (34-52) 82-2950 / 82-1349 / FAX: 82-4657.

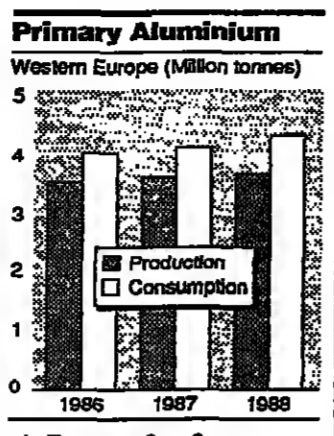
**TUSCANY.**  
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COMMODITIES AND AGRICULTURE

Poor weather could cut US harvest sharply

By Nancy Dunne in Washington
HIGH-LEVEL US Agriculture Department officials told a House agriculture subcommittee that poor weather conditions in Kansas and other Great Plains states might drastically cut yields in the US winter wheat crop, pushing down exports from 1.5bn bushels to 1.4bn bushels next year.

Mr Ewen Wilson, an assistant USDA secretary for economics, and Dr Norton Strommen, the Department's chief meteorologist, said drought and waterkill had destroyed wheat plantings in Kansas, Oklahoma and other Great Plains states. Dr Strommen said in some areas there were losses of between 15 and 20 per cent through winter-kill.



Aluminium use still outpacing production

By Kenneth Gooding, Mining Correspondent
BOTH PRODUCTION and consumption of aluminium in Western Europe last year reached record levels, according to the European Aluminium Association.

Australia warned on oil deficit

By Chris Sherwell in Sydney
AUSTRALIA COULD face a net deficit on its trade in crude oil and petroleum products nine times higher than current levels by the year 2000 unless the Government adopts a more robust stance on domestic exploration.

starts in Hobart on Monday. In a separate but related development, Esso, operator of the Bass Strait field, Australia's biggest domestic source of oil, has renewed a national advertising campaign criticising the disincentives which make it uneconomic to invest in exploration and even to extract known reserves from the Bass Strait.

balance of payments problem is showing further serious deterioration and production from Bass Strait is running down. Because the country's undiscovered crude resources could be as high as 8bn to 4bn barrels, or 12 to 15 years' supply, it is argued that an enhanced exploration effort would lower forecast import bills.

Potato futures surge higher

By Richard Moorey
A SUDDEN jump in the London potato futures market has lifted prices by up to 60 per cent this week. At last night's close the April futures position was quoted at \$17.50 up on the day at \$16.50 a tonne, compared with \$12.50 on Monday night.

Mr Adam Peet of J.W. Gaskell (Commodities) said the main reason for the upsurge was the inability of potato sellers to meet delivery commitments. Physical prices had risen, he said, reflecting the poor visual quality of samples offered against futures contracts. The unusually mild winter had resulted in a high level of 'silver scurf' disease. Silver scurf can be controlled with a fungicide spray, but that in itself rules the potatoes out from acceptance by some buyers.

Ontario will not oppose gas exports

By Robert Gibbens in Montreal
ONTARIO WILL not oppose plans by three major oil companies to export nearly 10 trillion (million million) cubic feet of natural gas over 20 years to US utilities from the Mackenzie Delta, North West Territory, about 2,000 miles north of Calgary.

largest user of Western oil and gas. The three companies, Imperial Oil, Shell Canada and Gulf Canada Resources, have applied to the National Energy Board for a permit to export the gas. Three other groups are contending to build the pipeline from the Mackenzie Delta and this would be subject to another NEB hearing.

Ontario now feels most of its concerns have been met and development of the Mackenzie Delta reserves, found in the early 1970s, is in Canada's long-term interest. Ontario will attend next week's NEB hearings and will ask detailed questions. But it will not oppose the project.

Philippines seeks rice under US aid programme

By Richard Gourlay in Manila
PHILIPPINE OFFICIALS are in Washington this week purchasing 250,000 tonnes of rice under a US \$100 million aid programme in an attempt to cap domestic hoarding that has led to a sharp rise in the price of the country's staple food.

At the beginning of last year the association had predicted a production growth rate of between 1.5 per cent and 2 per cent. The shortfall can be accounted for by the wildcat strike which damaged pot lines and closed Inespal's San Ciprian smelter in Spain in the first months of 1988. San Ciprian has an annual capacity of about 180,000 tonnes but the dispute reduced output to an estimated 50,000 tonnes.

THE PALLADIUM price soared again yesterday. It was fixed in London at \$166.25 a troy ounce, up \$7.75 from Wednesday and its highest level since December, 1983.

Palladium price soars to 6-year peak

By Kenneth Gooding, Mining Correspondent
THE PALLADIUM price soared again yesterday. It was fixed in London at \$166.25 a troy ounce, up \$7.75 from Wednesday and its highest level since December, 1983.

Dealers said the precious metal had attracted speculative buying on both sides of the Atlantic after recent reports that palladium had been used in experiments attempting to produce energy from nuclear fusion at room temperature.

according to AFMA, and by the end of this year will reach about 1m ounces. Mr Nichols predicts total palladium supply this year will be about 3.68m ounces (up from 3.51m in 1988) while industrial demand will account for 3.85m ounces (3.74m).

Peruvian mining group estimates guerrilla cost

LEFTIST GUERRILLA attacks have cost the Peruvian state mining giant Centromin at least \$35m since 1981, according to the energy and mines minister, Reuter reports from Lima.

Mr Jose Carrasco Tavera said that guerrilla assaults had cost Centromin \$12m in damaged and stolen equipment this year alone.

Wide differences remain at coffee talks

By David Blackwell
THE GULF between producer and consumer sides at the International Coffee Organisation appears to be getting no narrower as the first week of talks on the international agreement draws to a close.

Yesterday morning the consumers agreed on a common stance, accepting the UK, West German and Dutch proposal for a universal quota, which would control all coffee exports to buyers both inside and outside the ICO.

controls and penalties for under-price shipments to non-member countries. The so-called other milks group, which comprises mainly the Central American producers of top-quality arabica coffee, want a once-and-for-all reform of the system which would allot bigger export quotas to the arabica producers at the expense of the less-favoured robustas. The new quotas would be based on market share, rather than on historical grounds as now. But Brazil, the world's biggest producer, objects to this as to any plan which would reduce its export quota.

LONDON MARKETS

Table with columns: Commodity, Price, Change. Includes COCOA PRICES, SPOT MARKETS, and OIL products.

COCOA PRICES

Table with columns: Month, Price, Previous, High/Low. Includes COCOA 1/20, COCOA 1/25, COCOA 1/30.

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Previous, High/Low. Includes Aluminium, Copper, Lead, Nickel, Zinc.

POTATOES

Table with columns: Month, Price, Previous, High/Low. Includes Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SOYABEAN MEAL

Table with columns: Month, Price, Previous, High/Low. Includes Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

LONDON BULLION MARKET

Table with columns: Metal, Price, Previous, High/Low. Includes Gold, Silver, Platinum, Palladium.

SPOT MARKETS

Table with columns: Commodity, Price, Change. Includes Crude oil, Wheat, Barley, Maize, Soyabean meal.

COFFEE PRICES

Table with columns: Month, Price, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

POTATOES

Table with columns: Month, Price, Previous, High/Low. Includes Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

SOYABEAN MEAL

Table with columns: Month, Price, Previous, High/Low. Includes Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

LONDON BULLION MARKET

Table with columns: Metal, Price, Previous, High/Low. Includes Gold, Silver, Platinum, Palladium.

US MARKETS

Table with columns: Commodity, Price, Previous, High/Low. Includes Copper, Gold, Silver, Platinum, Palladium.

Chicago

Table with columns: Commodity, Price, Previous, High/Low. Includes Soyabean meal, Maize, Wheat, Barley.

FRUIT AND VEGETABLES

THE FIRST new seasons New Zealand crops are now in the shops at 50-50p a lb, reports FVFA. Other new arrivals include Chilean Grapes 35p-45p and American Minnows at 15-25p each. Grapefruit are down to 10-20p (15-25p) and bananas are also available 25-35p. Together with Dutch brunched radishes at 35-55p.

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Handwritten signature 'J. J. J. J. J.'

LONDON STOCK EXCHANGE

Too many negative factors in equities

Sentiment in London's equity markets, unsettled on Wednesday by an overall lack of enthusiasm and by worries about the trade deficit, inflation and the absence of an expected boost from institutions...

There was the downward trend in the American and Japanese markets. The FT-SE 100-share index opened with a fractional gain of 0.3 but it quickly retreated...

The big trade selling, coupled with the disappointing opening trend on Wall Street and the worrying note from UBS Phillips and Drew, combined to leave the market feeling...

The overall picture tended to eclipse some big developments yesterday among individual stocks, notably Hillsdown, where Mr David Thompson's near-15 per cent stake was placed in the market.

Hillsdown stake placed

The sale of his remaining 14.5 per cent stake in Hillsdown by Mr David Thompson, the founder and former chairman of the foods company, was widely welcomed in the market...

Overall, however, the mood was upbeat. Mr David Lang, analyst at Henderson Crosthwaite, was pleased that the stock overhang had been removed from the market and looked forward to a rating of Hillsdown that reflected the true value of the company.

Pure genius Drinks group Guinness delighted the market with a 29 per cent rise in annual profits to £53m, a figure that easily topped most analysts' forecasts.

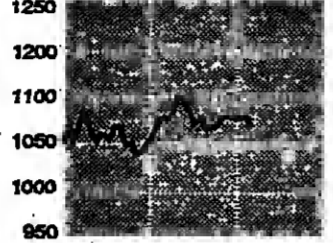
aged, has raised its estimate for 1989 profits from £58m to £62m. Smith New Court was another house to waste little time in revising its numbers...

Thorn verdict The market gave its verdict on the two opposing views on Thorn EMI revealed during early trading. Mr Jeremy Woon, at Citicorp Scrimgeour...

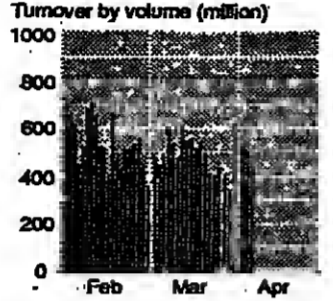
Beeschem dropped through the 25 barrier, ending 15 off at 58p. Nomura's cautious tone overnight was seen as the main cause although one marketmaker spoke of a US suggestion that Du Pont might try to bid for Smithkline Beecham.

The immediate reaction of City brokers to the better-than-expected profits was to upgrade their forecasts for the coming year. BZW, which said the "excellent" results proved that the spirits business could be "immensely profitable" when properly managed.

FT-A All-Share Index



Equity Shares Traded



quantified. Gas is now set for a period of outperformance. Operationally it will benefit from growing environmental concerns which will boost gas's share of the power generation market...

Prudential was particularly active. A bid for the stock was sighted by traders late on Wednesday, and with good two-way business throughout the session yesterday the stock finished 3/4 weaker at 182 1/2 on turnover of 7.6m shares.

There were exceptions, however, with British Gas resisting the trend after a strong buy recommendation issued by Paul Spedding, of the oil team at Kleinwort Benson. Gas shares were finally unchanged at 176 1/2 on turnover of 4.4m, having turned over some 18m the previous day.

Electricity was weak across the board. There's no need to rush in and buy this sector, so no one is, said a specialist salesman. Racal, 7 off at 38p, and Cable and Wireless, down 17 at 46p, were the worst hit.

FINANCIAL TIMES STOCK INDICES

Table with columns for Apr 5, Apr 4, Apr 3, Apr 2, Mar 31, Mar 30, Mar 29, 1988, and Since Compilation. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div Yield, Earning Yld % (full), P/E Ratio (incl ex), SEAD Bargains (50m), Equity Turnover (m), Equity Bargains, Shares Traded (m), and Ordinary Shares Index, Hourly changes.

Table titled 'S.E. ACTIVITY' showing indices for Apr 5 and Apr 4. Rows include Gilt Edged Bargains, Equity Bargains, Equity Value, 5-Day average, Gilt Edged Bargains, Equity Bargains, Equity Value, and London Report and Share Index Tel. 0896 123001.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks. Columns include Stock, Value, Change, and Price. Rows list various companies like Anglo-Dutch, Anglo-French, Anglo-Irish, Anglo-American, Anglo-Canadian, Anglo-Asian, Anglo-African, Anglo-Latin American, Anglo-Middle East, Anglo-Pacific, Anglo-USA, Anglo-Other, Anglo-Total.

figures from 1988 and the stock dived 36 to 82p. Income fund managers bought heavily into British Steel in anticipation of the dividend due in about 9 weeks. They are looking for around 5p - seen as good value for the temporary ownership of an 80p-odd stock with little downside.

Restructure at Beazer

BEAZER group has brought its European housebuilding, construction and property activities together in one company - Beazer Ltd. Promotions and changes include: Mr Terry Upsell, formerly group managing director of Beazer Homes and Property, becomes chairman of the new company...

APPOINTMENTS



Mr Jonathan Marland has been appointed a director of LLOYD THOMPSON GROUP. Its sole operating company, Lloyd Thompson, has appointed Mr A.S. Barnes and Mr N.A. Peak as directors and Mr S.K. Laycock as an associate director.

Mr Tim Chapman, training manager for Midland UK banking, has been appointed to the new post of training development director for MIDLAND GROUP. This will include responsibility for the new group training development centre in London.

Mr Bob McDowell, managing director of WILLMOTT DIXON MAINTENANCE's eastern operation, has been appointed operations director of the company, part of Willmott Dixon Holdings. He is succeeded in the eastern region by Mr Malcolm Robinson, who joins from Initial Property Maintenance where he was a regional manager.

Mr Anthony Harris, (above) group financial director of THE ALEXANDRA GROUP, becomes commercial director on April 12. Mr Julian Bond succeeds him as group finance director. Mr David Dunn, group chief executive of Storgard, joins the group as a non-executive director on April 12.

Mr Jonathan Ewbank has joined the senior staff of DENNIS MURPHY, CAMPBELL & CO.

Mr Tom Beddoes, technical director of Racal-Vodafone, has been elected chairman of the MoU group of European telecommunications authorities which is working towards the introduction of the pan-European digital cellular telephone network.

Mr David Lang, analyst at Henderson Crosthwaite, was pleased that the stock overhang had been removed from the market and looked forward to a rating of Hillsdown that reflected the true value of the company.

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Advertisement for THE QUEEN'S AWARDS FOR EXPORT & TECHNOLOGY. Includes text about the awards, contact information for Sophie Pattman, and the Financial Times logo.

FT UNIT TRUST INFORMATION SERVICE

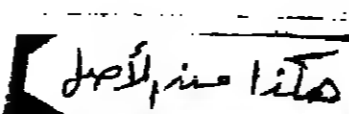
Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-225-2128

AUTHORISED UNIT TRUSTS

Main table containing unit trust information, organized into columns for various trust categories such as Equity, Bond, and Money Market. Each entry includes the trust name, its manager, and current price data.

GUIDE TO UNIT TRUST PRICING

EXPLANATION: These prices are calculated, calculated and other costs which bear to be paid by you purchaser. These prices are shown in the price when the unit price is shown. The price is subject to change. The price is subject to change. The price is subject to change.



FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-3128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (ISD RECOGNISED)'.

Handwritten signature: J. J. J. J.

Handwritten note: "Handwritten note at the top center of the page, possibly a signature or initials." (Note: The image shows a handwritten note that appears to say "Handwritten note" or similar, but it is difficult to read clearly. I will transcribe it as "Handwritten note".)

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. The table is organized into several sections: ISLE OF MAN, LUXEMBOURG, OFFSHORE INSURANCES, OTHER OFFSHORE FUNDS, and BRITISH FUNDS.

LONDON SHARE SERVICE

Main table of London Share Service, listing various share funds with columns for Name, Price, Yield, and other financial metrics. The table is organized into several sections: BRITISH FUNDS, AMERICANS, INT. BANK AND O'SEAS, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, LOANS, FOREIGN BONDS & RAILS, and Public Board and Ind.

Continued on next page

Money Market Trust Funds

Table of Money Market Trust Funds, listing various trust funds with columns for Name, Price, Yield, and other financial metrics.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-425-2128

Main table containing various stock market listings categorized by industry: CANADIANS, BUILDING, TIMBER, ROADS, ELECTRICALS, ENGINEERING-Contd, INDUSTRIALS (Miscel.)-Contd, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FOOD, GROCERIES, ETC, BEERS, WINES & SPIRITS, DRAPERY AND STORES, HOTELS AND CATERERS, INSURANCES, and LEISURE. Each listing includes company names, stock codes, and prices.

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LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE - Contd. Table listing various leisure companies such as Leisure World, Leisure Time, and Leisure Travel with their respective share prices and financial data.

PROPERTY. Table listing property-related companies including British Land, Land Securities, and Property Finance with their share prices and performance metrics.

TEXTILES - Contd. Table listing textile companies such as Burberry, J. & F. Wright, and Textiles International.

TOBACCO. Table listing tobacco companies like British American Tobacco and J. D. W. Jones.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies including Investment Trusts and Finance, Land, etc.

OIL AND GAS - Contd. Table listing oil and gas companies such as BP, Shell, and British Petroleum.

MINES - Contd. Table listing mining companies including Anglo American, De Beers, and Anglo Coal.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies like Rover, Leyland, and British Aerospace.

Commercial Vehicles. Table listing commercial vehicle companies such as Leyland Trucks and Leyland DAF.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies including Investment Trusts and Finance, Land, etc.

FINANCE, LAND, ETC. Table listing finance, land, and other companies including Finance, Land, etc.

OVERSEAS TRADERS. Table listing overseas trading companies such as Overseas Chinese Bank and Overseas Chinese Investment.

PLANTATIONS. Table listing plantation companies including Rubber, Palm Oil, and Teas.

MINES. Table listing mining companies such as Anglo American, De Beers, and Anglo Coal.

MISCELLANEOUS. Table listing miscellaneous companies including Anglo American, De Beers, and Anglo Coal.

THIRD MARKET. Table listing third market companies including Anglo American, De Beers, and Anglo Coal.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies like News International and Newsprint.

SHIPPING. Table listing shipping companies including British Overseas Airways and British Airways.

SHOES AND LEATHER. Table listing shoes and leather companies such as Burberry and J. & F. Wright.

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FINANCE. Table listing finance companies including Finance, Land, etc.

OIL AND GAS. Table listing oil and gas companies such as BP, Shell, and British Petroleum.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks including Anglo American, De Beers, and Anglo Coal.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies like Newsprint and Newsprint.

SOUTH AFRICANS. Table listing South African companies including Anglo American, De Beers, and Anglo Coal.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Caution before US jobs data

THE DOLLAR continued to trade in a narrow range yesterday as most investors retreated to the sidelines ahead of the release today of US employment figures for March.

Trading volume was sufficiently thin to push the dollar slightly weaker after comments by Mr Lloyd Benetsen, chairman of the US Senate Finance Committee.

STERLING INDEX

Table with columns for Apr 6, Apr 7, Apr 8 and values for Sterling Index.

CURRENCY RATES

Table of currency rates for various countries including Australia, Canada, Denmark, etc.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values.

OTHER CURRENCIES

Table of exchange rates for various international currencies.

MONEY MARKETS

Tone stays firm

INTEREST RATES had a slightly firmer tone in nervous trading on the London money market yesterday.

UK clearing bank base lending rate

Table showing the UK clearing bank base lending rate over time.

while 12-month Treasury bills rose to 13.13 per cent from 13.12 per cent.

Wednesday at 95.5, having opened at 95.4. The pound closed at \$1.7050 from \$1.7000.

EMS EUROPEAN CURRENCY UNIT RATES

Table of EMS European Currency Unit Rates for various countries.

POUND SPOT-FORWARD AGAINST THE POUND

Table of Pound Spot-Forward rates against the pound.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table of Dollar Spot-Forward rates against the dollar.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various currencies.

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies.

FINANCIAL FUTURES

Locals cover short positions

SHORT STERLING for June delivery closed near the day's peak on Life yesterday.

US TREASURY BOND FUTURES

Table of US Treasury Bond Futures prices.

FTSE 100 INDEX

Table of FTSE 100 Index values.

COMMODITIES

Table of commodity prices for various goods.

equally see only risk and little reward in going long. A rise of around 200,000 in US non-farm payrolls is expected.

CHICAGO

Table of Chicago market data.

JAPANESE YEN INDEX

Table of Japanese Yen Index values.

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices.

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices (continued).

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices (continued).

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices (continued).

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices (continued).

U.S. TREASURY BOND

Table of U.S. Treasury Bond prices (continued).

CROSSWORD



1 Innocent chap dressed as furniture remover (13). 2 Not a real facility, it's free (7).

A word search puzzle grid.

JOTTER PAD

Investor's Guide to the Stock Market by Gordon Cummings. Includes introduction, features, and a list of member institutions.

World Finance

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, France, Germany, Italy, Sweden, and Switzerland. Columns include stock names, prices, and changes.

Table of stock market data for Japan, Australia, and New Zealand. Columns include stock names, prices, and changes.

Table of stock market data for Canada, including Toronto 2pm prices for April 6. Columns include stock names, prices, and changes.

Table of stock market data for the New York Dow Jones index, showing values for April 5, 6, and 7, 1989.

Table of stock market data for the Tokyo Most Active Stocks, listing various Japanese companies and their stock prices.

Table of stock market data for the London Most Active Stocks, listing various UK companies and their stock prices.

Advertisement for 'Have your E.T. hand delivered in Germany' by Frankfurt 0130-5351, featuring a large image of a person and text about international financial news.

3pm prices April 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and changes.

Handwritten signature 'John M. Lito' at the bottom center of the page.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, Div., Bid, Ask, High, Low, Last, Change, and Volume. Includes a section for 'Continued from previous page'.

Handwritten note: 'No, no, no' in a box.

OVER-THE-COUNTER

Reading national market, 3pm prices April 6

Table of Over-the-Counter prices with columns for Stock, Div., Bid, Ask, High, Low, Last, Change, and Volume. Includes a section for 'Continued from previous page'.

Notes regarding stock prices, including information about 3-month Treasury bills and other market indicators.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, Div., Bid, Ask, High, Low, Last, Change, and Volume.

Advertisement for Luxair flights, featuring the text 'Travelling on business with Luxair?' and 'Enjoy reading your complimentary copy of the Financial Times on scheduled flights from... Luxembourg.'

Advertisement for Luxair flights, featuring the text 'Travelling by air on business?' and 'Enjoy reading your complimentary copy of the Financial Times when you're travelling on scheduled flights from...'

